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NEWS SUMMARY

malis... m... ttle... hours

BRITISH LEYLAND is to invest almost £22m. in its plant at Leyland, Lancs., over the next two years...

IAN BANKER... ered... gen Ponto, 53, head of West Bank, West London...

Blacked... balloon... which tangled with power lines while in a field at St. Mary's...

HITS COWS... train from Weston to Paddinstown was hit by a herd of 100 cows...

WINS RACE... of Austria won the Prix d'Hockenheim after his crash on Friday...

Warning... Union, in its most serious protest so far, has called for a 24-hour strike...

KILL 10... guerrillas and three members, including African, aged 22, have been killed...

ACROSS NORTHERN... at least ten men Army Chief Gen. Ghol Hasan...

TRIAL CASE JURORS... a 139-hour record rest retirement, Judge Bailey deliberated...

CRASHED IN AIR... s Cessna aircraft Board in favour of Pannell...

FEATURES search of Justinian... FT SURVEY n Middle 21 Egypt... ON OTHER PAGES 24 Leading Articles... 25 World Trade... 26 World News... 27 Foreign Correspondents... 28 Business News... 29 Share Information... 30 Annual Statements... 31 Sports... 32 The World's People... 33 Today's Events... 34 TV and Radio... 35 W. Essex's News...

TUC hopes pinned on 12-month gap as Phase Two ends

BY ALAN PIKE, LABOUR STAFF

Phase Two of the pay policy came to an end at midnight amid anxious Government and TUC hopes that, through maintenance of the rule demanding a 12-month gap between wage settlements, its moderating influence will survive into the coming year.

Two immediate challenges face the TUC general council, which has declared, with full force that unions must keep to the 12-month rule if dangers of a pay explosion are to be avoided. It will watch the reaction of delegates at the TUC's annual congress in Blackpool next month and the outcome of efforts by a few groups of workers who have not yet settled under Phase Two to avoid doing so.

The preliminary agenda for congress now going out to unions contains 47 motions under the Economic Policy and Organisation section, many of them critical of pay policy and levels of unemployment. None of the motions from those unions which are most strongly opposed to any further interference with normal collective bargaining contains any direct reference to the 12-month rule.

Three unions—the Amalgamated Union of Engineering Workers, the Bakers Union and Equity, the actors' union—demand an "immediate" return to free collective bargaining while the Association of Broadcasting and Allied Staffs insists upon a "genuine" return. The only motion which specifically mentions the need to

Unfettered

The Transport and General Workers Union, which is bound by a conference decision to an unfettered return to free collective bargaining—although Mr. Jack Jones, its general secretary, believes in the importance of the 12-month rule—has submitted no motion on pay policy. General council members will argue at congress that, in spite of the return to free collective bargaining, unions are bound by existing policy to honour Phase Two settlements and let them run their 12-month course.

Well test by BP still leaves some doubt

By Ray Dafter, Energy Correspondent

BRITISH PETROLEUM has tested a promising flow of oil from its break-through discovery west of the Shetland Islands, but the performance of the well appears to have been less encouraging than many in the industry had hoped. There remains considerable doubt about the commercial prospects for the find, and the oil potential of the general offshore area.

Details of the well, drilled by the rig Sedco 703, are expected to be announced within the next few days by BP and its partners, Chevron and ICI. It is thought that the statement will show that oil flowed at a little less than 3,000 barrels a day from a substantial thickness of oil-bearing rock. The oil is also thought to be particularly heavy type of crude. It is perhaps significant that BP does not intend to return to the block this year although the offshore group accepts that more drilling will be needed in the area to evaluate the extent of the structure.

Plugged wells

The discovery, on block 206/8, is important, for it is the first time that oil in any quantity has been tested in a West Shetland well. More than a dozen exploration wells have been sunk in that area and they have all been plugged and abandoned. Furthermore, the reservoir appears to be in a thicker structure than previously encountered by the oil industry.

Sandstone

The well, on block 16/17, has encountered a substantial thickness of oil-bearing sandstone. If the test is successful it could indicate that recoverable reserves for the Thelma/Toni are between 500m. and 600m. barrels, according to unofficial industry estimates. Ocean Incheape is to build a new oil industry support base at the Point of Scotland, near Lerwick, Shetland. The first phase of the development is due to be completed in May.

Costain will be the main contractor for the terminal which will provide a three-berth jetty and backup facilities. Point of Scotland is about 100 miles from the major oilfields to the east of the Shetland Islands.

Worries grow over pay increases

BY COLIN JONES

THE GOVERNMENT'S approach to pay policy after Phase Two had been largely expected by industry, according to the latest Financial Times monthly survey of business opinions.

The main effect of the Chancellor's statement last month was to harden expectations of a higher, albeit more diverse, pattern of wage settlements during the next 12 months. The statement also made little difference to industrialists' views of the overall business outlook. These have become somewhat more indeterminate after the sharp revival in confidence earlier in the year.

The main interviews in the survey had been largely completed when the Chancellor made his pay policy statement. Company executives were asked by telephone if their views had been changed. The general picture shown by the latest survey is less encouraging than earlier in the year.

Inflation expectations have continued to grow. The median forecast increase for wages costs has risen from about 7.6 per cent. a year ago to about 12 per cent., while for total unit costs and output prices the median forecast increase is now one of about 13 per cent. Mr. John Boyd, general secretary of the AUEW, warns his members in the union's journal today that extravagant pay claims could lead to the early resignation and defeat of the Government.

Sluggish

There is more evidence of the revival in demand becoming more sluggish. Investment intentions also appear to be peaking out. Hopes of an improvement in employment levels are not promising. The balance of "ups" over "downs" for manpower requirements over the next 12 months has evened out, with most firms forecasting no overall change. Moreover, the median forecast increase in employment levels to reach full capacity, working is now only just over 1 per cent.

Export prospects are still favourably regarded, with about 90 per cent. of exporting companies predicting an increased volume of overseas sales in the next 12 months. But there is growing concern about price competition and about the likely effect of U.K. inflation and exchange rates upon export prices and/or profitability.

Details Page 25

One dead, 40 injured in reactor demo

BY DAVID CURRY PARIS, July 31.

ANTI-NUCLEAR protesters laying siege to the site of France's first commercial fast-breeder reactor, fought a day-long battle against about 5,000 anti-pollution and demonstrators today in some of the worst clashes between students and police since the Paris "revolution" of May, 1968.

When the organisers gave the word to retire towards evening, they left behind one dead—apparently from a heart attack during a police charge—and 40 injured. The police claimed 30 injured, three of them seriously. As special CRS police and demonstrators struggled to defend a perimeter drawn about five kilometres around the Super-Phenix site near Creys-Malville, near Lyon, some groups in the crowd of between 25,000 and 40,000 tried to break through the cordon, on to the heavily defended site.

While the main bulk of the ecologist forces, whose leaders had insisted on a peaceful demonstration, took up positions on a hill overlooking the police lines in heavy rain, militant bands armed with pick-axe handles and iron bars and kitted out in a "battered" of crash helmets and goggles had to be driven back by tear gas from the defensive perimeter. The German participation is likely to infuriate many French people and will certainly be used as a stick by the political Right-wing to attack the anti-nuclear movement.

Anti-nuclear feelings have difficulty in finding expression through the orthodox political parties which all accept in general terms on the need for France to reduce her dependence on imported raw materials for her energy needs.

Thermal power

Oil provided 63 per cent. of energy supplies last year, almost all of it from OPEC countries. The hope is that the development of nuclear power stations—the aim is to supply 40,000 megawatts of electricity a year in 1985 or a quarter of energy needs—will lessen the dependence on oil to about 45 per cent. For her first generation of the fast-breeder reactor programme, France has opted for American designed pressurised water reactors and has put together a large contracting group around Creusot-Loire to license the technology and implement the programme.

Storm troops

At one point the Prefect of the Isere Department, the main law enforcement officer, feared that firearms might be used against the police and gave warning that they would retaliate in kind. He was particularly bitter about the role played in the demonstration by German student "storm troop" brigades, who had crossed the border to reinforce the protest. A raid on a German student camp the previous night had yielded wooden and metal staves and wire cutters apparently to try to penetrate the site itself.

The original protest was called by ecologist groups who do not have a clear-cut political identity. They first showed their political strength in the local elections last March when the so-called "green candidates" polled up to 15 per cent. of the vote on the first ballot in certain districts. Their protest is against the use of plutonium technology in particular and in more general terms against what they see as the "growth at all costs" economic philosophy behind nuclear development.

Some fringe ecologist groups carried with them a letter of denunciation nuclear energy because they say it is so dangerous that its promotion and stations.

Oil imports

Protagonists of nuclear energy argue that to renounce nuclear technology would perpetuate France's dependence on oil, at the cost of doubling the tax bill and tolerating a permanently weak position in the balance of payments and international credit. They also claim that to limit nuclear development to light water reactors—a compromise favoured by some ecologists—would deprive France of a vital high technology export market around the end of the century when the industrialisation of the Third World would have reduced demand for many traditional export items like motor-cars.

Time running out in Leyland bid for more State aid

BY ARTHUR SMITH

LEYLAND CARS is running out of time in its efforts to achieve the agreed reform of industrial relations demanded by the Government as a condition of further State finance.

Toolroom workers look set to walk out of the manual employees' working party established in March as the price of settlement of their month-long strike. They will threaten resumed industrial action in pursuit of their demands for special treatment. In what Leyland Cars describes as one of the most important meetings held in recent times, about 300 senior shop stewards will assemble at Longbridge, Birmingham, on Thursday to consider progress achieved by the working party, charged by Mr. Eric Varley, the Industry Secretary, with seeking fundamental reform of industrial relations.

The penalties of a failure to agree and the consequent unrest would be severe, Leyland says in the company newspaper to be delivered to employees to-day. No one is pretending that progress in the working party has been anything like quick enough. Agreement has been reached on a common starting date for wage awards and on

Steel ready to back Tories or Labour

BY PHILIP RAWSTORNE

LIBERALS should be ready to enter a coalition with either Labour or Conservatives after the next General Election, Mr. David Steel, the Liberal leader said yesterday. It was possible that neither of the major parties would be able to command an overall majority in the Commons, he said. "We must keep ourselves free to offer co-operation to whichever of them has the larger number of seats and we must then be able to discuss a programme."

"I think if that happened we would be entitled to say that we want to come inside the Government and have a proper coalition and therefore a much bigger say in the programme, which would include proportional representation for Westminster. "That then opens the way to the promotion of Liberal policies on a much larger scale and to the eventual return of a Liberal Government."

Mr. James Callaghan said after the BBC radio interview yesterday that the "process of co-operation" with the Liberals had brought valuable new ideas into the Labour Government.

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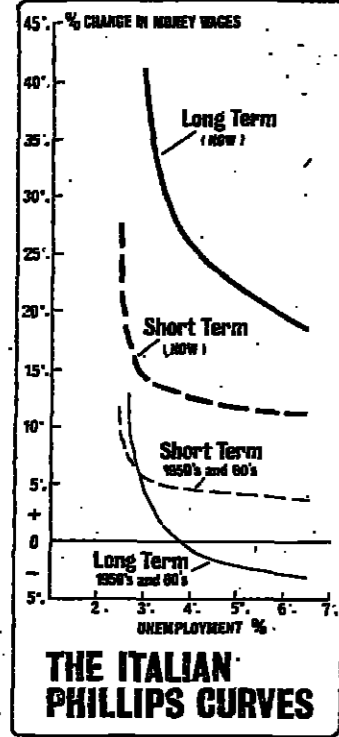
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LOMBARD

Italian lessons for all of us

BY SAMUEL BRITTON

THE MOST casual visitor could hardly help noticing the superficial similarities between the British and Italian economies. Both are characterised by a combination of inflation and high unemployment and both have powerful and militant union movements. A new investigation of the relation between wage inflation and unemployment by Professors F. Modigliani, recently president of the American Economic Association, and E. Tarantelli, his collaborator in Rome, is therefore of special interest. It is published in the March issue of the Banca Nazionale del Lavoro, now available in English. The focus of the inquiry is the behaviour of the Phillips curve, which relates unemployment to wage increases. This is a curve, frequently denounced, which obstinately re-



put and employment but have little effect on inflation. This picture is disliked by so-called radicals because it puts a severe limit on full employment policies. It is disliked by conservatives because it involves living with inflation. Dislike will not make it go away. A special feature of the Italian curve is that union militancy is taken into account in their construction. This is measured partly by the number of workers who have new wage contracts as soon as the old ones expire, compared with those who have gaps between contracts or are not unionised at all. This is very interesting reading in view of the claims that lack of enforceable contracts, and other features of British union law, are responsible for the wage features of British union power. Professor Modigliani asks whether the participation of Italian Communists in the Government (the compromesso storico) would reduce union wage push, but is not non-committal as to the possibility that militancy would simply move from the national to plant level. There is an analogy here with the breakdown of the British social contract through rank-and-file pressure. But, more interesting of all is the account of the genesis and termination of the Italian economic miracle. At the start of the 1950s, Italy was the 'most developed' of the undeveloped countries. Inflation was low and stable and there were large reserves of labour. Economic expansion moved along the lower short-term Phillips curve—which the labour force acquired industrial experience. But a combination of inflationary policies and union militancy lifted everything. A given degree of unemployment is now associated with much higher inflation than before, while the sustainable rate of unemployment below which inflation takes off to the stratosphere, is also higher.

TV Radio

Indicates programmes in black and white
BBC 1
6.40-7.55 a.m. Open University (UHF only). 9.45 The Wombles. 9.50 Jackanory. 10.05 John Burroughes's Around the World in 80 Days, part 6. 10.10 Sooty. 10.20 The Record Breakers. 11.25 Cricket: Third Test—England v. Australia. 1.30 p.m. Fingerbobs. 1.45 News. 2.05 Cricket: Third Test—England v. Australia. 4.15 Test—England v. Australia. 4.18 Regional News for England. 4.20 Regional News (except London). 4.20 Play School. 4.25 News. 4.30 Lippy. 4.35 Blue Peter Special Assignment. 5.35 Magic Roundabout. 5.40 News. 5.55 Nationwide (London and South-East only).
6.30 Holiday Report. 6.30 Sportsworld. 7.10 The Mackinnons. 8.00 Happy Ever After. 8.30 Robina. 9.00 News. 9.25 The Monday Film: 'The Magus' starring Anthony Quinn. 11.15 Show Wars Begin. 11.45 Weather/Regional News. All Regions as BBC-1 except at the following times:— 1.30-1.45 p.m. Phil Pals. 2.30-4.15 Extended 77. 5.55-6.20 Wales Today. 6.30-7.10 Heddy. 9.25 Rescue at Erddig. 10.15 (as BBC-2 11.00 a.m.). 4.45 Lippy. 4.55 Blue Peter Special Assignment. 5.35 Magic Roundabout. 5.40 News. 5.55 Nationwide (London and South-East only).
Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland. 7.10 The Mackinnons. 8.00 Happy Ever After. 8.30 Robina. 9.00 News. 9.25 The Monday Film: 'The Magus' starring Anthony Quinn. 11.15 Show Wars Begin. 11.45 Weather/Regional News. All Regions as BBC-1 except at the following times:— 1.30-1.45 p.m. Phil Pals. 2.30-4.15 Extended 77. 5.55-6.20 Wales Today. 6.30-7.10 Heddy. 9.25 Rescue at Erddig. 10.15 (as BBC-2 11.00 a.m.). 4.45 Lippy. 4.55 Blue Peter Special Assignment. 5.35 Magic Roundabout. 5.40 News. 5.55 Nationwide (London and South-East only).
Northern Ireland—4.18-4.20 p.m.

F.T. CROSSWORD PUZZLE No. 3445

Crossword puzzle grid with numbered squares for letters.

- ACROSS
1 Turn up in hurry (4, 5)
6 Cup searched for knightly (5)
9 Get in another kind of colour (5)
10 Accommodating comfortable state of course (4, 5)
11 Difficult to like bird backing command from bridge (4, 6)
12 Barely even (4)
14 A share cathedral takes keenly (7)
15 Extract from film by tart coo-dresser (7)
17 Put into care of Cockney fowl ready for cooking we hear (7)
19 A much improved assistant
20 Longing to give it to honoured companion (4)
22 Dominica is a dark monk (5, 5)
25 Craft I stide in plant (9)
26 Metallic mass one Pole acquired (5)
27 Disturbed Norseman in Spain
28 Allment that drives a painter to the wall (9)
DOWN
1 Snag in taking pet to church (5)
2 What a child might wear with diamonds for instance (5, 4)
3 Show a mean welcome to storm abroad (7, 3)
4 Lot very different in public state (7)
5 Petrol three caught relating to the stomach (7)
6 Crazy to suppress article (4)
7 Goodbye to a sound subscription (5)
8 Astronomical distance covered during slack period (5, 4)
13 Handy indication of owner's destiny (4, 2)
14 Statesmen with cameras in disarray (9)
16 An election candidate is lodging...
18 Country folk whose story is frequently aired (7)
21 Copper can interrupt (3, 2)
23 Nonsense over gold in part of machine (5)
24 Mark gets aim award after losing opening round (4)
The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

THE WEEK IN THE COURTS

Law year ends with a rare flourish

BY JUSTINIAN

THE law year may not have ended with either a bang or a whimper. But it certainly drew to a close with a rare flourish of court intervention in acutely controversial public issues and of Press comment on the law and the legal profession. The latter ended the year on a confident note. The week began with the Attorney-General in protecting his prerogative to say who can take proceedings, and when, to enforce a public right. The House of Lords did not pull its punches in reversing the judgment of Lord Denning. To demonstrate his unconcern at being treated so unceremoniously, Lord Denning replied three days later with a characteristic judgment favouring the individual against the mighty and reversal of Lord Widgery's judgment in the Gurnwick action against A.C.A.S.

Postponed
Both of these judges found themselves, however, the subject of Press articles advocating their resignation. The New Statesman critically assessed Lord Widgery's occupancy of the Lord Chief Justiceship, and pointed to a possible successor within the near future. Mr. Justice Gouling granted a stay on the basis of Keeling's pending an appeal in October.

Immunity
Another battle among giant corporations will be fought out when the directors of RTZ go to the House of Lords in October to try to resist the attempt of the American Courts to get them to give evidence in American litigation. In the course of which they might incriminate themselves. At the last moment RTZ seemed to have given the support of critical comment represented by the Solicitor-General before the Law Lords last week. That intervention was enough for the Lords to order the postponement of the taking of evidence until the appeal is heard in October.

Similar delay was ordered in the unique case of the former Rhodesian judge whom the Anti-Apartheid Movement sought to have arrested on a charge of soliciting other persons in Rhodesia to commit murder when sitting as a judge in Rhodesia in 1975. He sentenced

Mitchell and Co. and others raises once again the immunity of barristers from being sued for negligence. Ten years ago the House of Lords held that a barrister could not be held liable for negligence in his handling of litigious business.

Assured
Ever since 1967 most members of the Bar have insured against the possibility of a negligence action, although some have not yet had to pay out. Disquiet at the Bar, however, about the outcome of the Saif Ali case led to a resolution being passed at the Bar's annual general meeting a fortnight ago, calling for the establishment of a compensation fund out of which those who had suffered from negligence of barristers might be compensated as if they had successfully brought an action for damages. The resolution was not pressed, on the Bar Council undertaking to give the matter consideration.

Some of the penalty charges the Lions missed were sitters, one of Bennett's three failures being almost in front of the posts and only 25 yards out. Powerful flanker Ian Kirkpatrick crashed through to score from a scrum, and Wilson's conversion gave the All Blacks a six-point lead within 60 seconds. Their side, containing six new comers, were determined to keep it, although they had far less ball than the Lions.

But all reports indicate that apart from the break-up of the solicitors' monopoly in convenancing, not much radical change is in store for the profession. Lawyers can repair to the beaches in this jubilee year as the future is not as gloomy as it appeared a year ago when the Royal Commission was just under way.

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SPORT

Both as natural successor to Greig

INTERNATIONAL CRICKET several with his own distinctive England can achieve a particularly between England copyright. As Alan is also a breakthrough to-day and Australia, has an appeal all superb wicket-keeper he will be it up with a couple of its own which has been reflected difficult to replace when he joints wickets with the seco ball. Bridge for the first three days of the third Test.

CRICKET
BY TREVOR BAILEY

Many fine county cricketers have fallen at international level, whereas others less gifted have grown in stature from the moment they put on an England sweater, because the extra tension and the large crowds have inspired them. Apart from his technical skill, Geoff Boycott is ideally suited to Test cricket. He displayed on Friday and Saturday the application and singleness of purpose which are so essential (it was suggested by Geoff's high standard, a great century, and the Australians dropped him on three occasions. But in the circumstances—82 for 5) his long absence from big cricket, and the knowledge that some people were willing him to fail—was an outstanding example of determination. The highlight on Saturday was the batting of Alan Knott. He conjured up 135 runs with a defeat. But on this benign pitch wide range of strokes, including the odds are on a draw unless

Lions kick away their chance

BRITISH LIONS could not contain on possession to crack a superb New Zealand defence so that they were beaten 19-7 at Dunedin on Saturday in the third international of their tour. Superior in the line-out, Lions were on top for much of the game, but New Zealand played with more confidence and seized their chances. The tourists made too many mistakes and kicked away vital possession. They continued to kick high, even after the All Black defence had shown the futility of it.

RUGBY
BY DAVID HAYWARD

heavy ground conditions rather better than the Lions. Lynn Davies, the half-back recalled in place of Sid Going, fed his back line well. This, and the speed with which they swung the ball, was one of the major factors in the New Zealand success. Bennett's early tactics were to kick for the wings, but New Zealand's new full-back, Bevan Wilson, was always there and always had plenty of cover. Later, Bennett changed to up-and-under. This, too, failed to provide the openings. Lions' passing was not as sharp as it was in the first Test. Bennett was as crisp as New Zealand's, there was too much running day week.

Yacht held up by traffic jam

FICKLE WINDS, strong tidal currents, a traffic jam of yachts south of the Isle of Wight on Friday evening, and bad luck in roughly equal proportions, knocked Britain's Admiral's Cup team off their leader's perch in the first offshore race of the series.

They now lie second to the United States as Cowes Week gains momentum and the next two inshore races of the series would have been third if one of the Hong Kong team, La Pantera, had not been disqualified following a protest after the race.

ULSTER
10.15 a.m. The White Line. 10.40 Shipyard. 11.05 Return To The Planet Of The Apes. 11.30 The Morning Show. 1.30 The Amazing World of Fact. 4.15 Ulster News. 6.15 The 10.15 a.m. The White Line. 10.40 Shipyard. 11.05 Return To The Planet Of The Apes. 11.30 The Morning Show. 1.30 The Amazing World of Fact. 4.15 Ulster News. 6.15 The

YORKSHIRE
10.15 a.m. The White Line. 10.40 Shipyard. 11.05 Return To The Planet Of The Apes. 11.30 The Morning Show. 1.30 The Amazing World of Fact. 4.15 Yorkshire News. 6.15 The

BBC Radio London
206m and 94.9 VHF
6.00 a.m. As Radio 2. 6.30 Rush Hour. 10.00 London Live. 11.00 Jimmy Thompson. 1.30 The Morning Show. 4.15 The 10.15 a.m. The White Line. 10.40 Shipyard. 11.05 Return To The Planet Of The Apes. 11.30 The Morning Show. 1.30 The Amazing World of Fact. 4.15 Yorkshire News. 6.15 The

Capital Radio
194m and 95.8 VHF
6.00 a.m. Graham Dixon's Breakfast Show. 9.00 Tony Hunt. 11.00 Dave Cash with Cash on Delivery. 3.00 p.m. Roger Scott. 5.15 The 10.15 a.m. The White Line. 10.40 Shipyard. 11.05 Return To The Planet Of The Apes. 11.30 The Morning Show. 1.30 The Amazing World of Fact. 4.15 Yorkshire News. 6.15 The

RACING
BY DOMINIC WIGAN
Mrs. P. Colman. Apart from the in all. fortune seemed to be near £1,000 difference between smilling on owner Raymond third and fourth prizes. Clifford-Turner, for whom up by outpacing Ben H Jermaric's paddock value would Michael Stoute has trained and been a considerably boosted placed Triple First so astutely. The Newmarket trainer, who Newmarket here are event. Another jockey who was not Greenhill God and Happy weakly-contested runner at his best in this eighth-Donnell in the second half of selling Stakes and B seen event, won by that game last week could well be on the improving Saint Just. Little filly Triple First, was marked again to-day. His twice-for a hat-trick in the Frenchman Alfred Gilbert, rid-raced Music Maestro appears to Stakes.

Piggott makes costly error
LESTER PIGGOTT, top jockey ing the French-trained favourite have a chance second to Brian Taylor's four could be opening to appear criticism for his riding of throughout much of the final day's furlong and a half, and only who is closely related feature event, the Nassau Stakes, switched the Hardwicke Stakes high-class sprinter of seasons ago, Saullingo, trained filly close home and last 100 yards. Despite running on 'well' Ranimer, a top-class daughter of Relko, never looked like making up the leeway. Lulent did not have the best of passages, being cut off by Triple First when trying to manoeuvre for a clear run inside the final furlong. So, all Mrs. P. Colman. Apart from the in all. fortune seemed to be near £1,000 difference between smilling on owner Raymond third and fourth prizes. Clifford-Turner, for whom up by outpacing Ben H Jermaric's paddock value would Michael Stoute has trained and been a considerably boosted placed Triple First so astutely. The Newmarket trainer, who Newmarket here are event. Another jockey who was not Greenhill God and Happy weakly-contested runner at his best in this eighth-Donnell in the second half of selling Stakes and B seen event, won by that game last week could well be on the improving Saint Just. Little filly Triple First, was marked again to-day. His twice-for a hat-trick in the Frenchman Alfred Gilbert, rid-raced Music Maestro appears to Stakes.

GPON
2.15—Craggy Race. 2.30—Musical Maestro. 3.00—Tawdy. 3.30—Scrub Oak. 4.00—Sterry Sumner. 4.30—Fast Delivery. 5.00—Saint Just.

# The Hayward Annual, Part II

by WILLIAM PACKER

ayward Annual, which often in profound disagreement with them, not least over the issue of social relevance (the artist's sole social obligation, it is simply to produce his best work, to get it right), but the issues remain important, and I value their contributions, what should be an intelligent debate.

While we consume ourselves in acrimony the rest of the world looks on askance. What it cannot imagine, for this entire Hayward show, Mr. Blake's paintings, with the rest of them, Mr. Cork's commentary notwithstanding, is probably the best of it was good; but the quality of the work overall justified the exhibition.

Not all of it was good; but the quality of the work overall justified the exhibition.

Not all of it was good; but the quality of the work overall justified the exhibition.

## Orange Tree, Richmond

# Ayckbourn and Stoppard Plus

by MICHAEL COVENEY

The linking theme of these three short plays on a luncheon bill is the gap between private reminiscence or fantasy and public communication between two people. This is not, in itself, a guarantee of startling drama, but it provides a fascinating insight into the embryonic talents of the two dramatists who have become, arguably, our leading comic writers.

Stoppard's *Is For Moon and Other Things* is a radio piece dating from 1964, which, although it transfers not very well to the stage, shows signs of improvisatory verbal dexterity that has since become the author's trade mark. Millie (Eve Shickle) is almost exactly 123-years-old and struck on the left leg in a book of knowledge: Mongolia, molluscs, Moravia, menopause. Life is so complicated when, according to a nursery picture book, M was only for moon. Her plaintive monologue is counterpointed by Alford's (Mark Kingston) vicarious concern at the news on TV of Marilyn Monroe's suicide.

Ayckbourn's *Countdown* (1969) was a contribution to the West End salad, *Mixed Doubles*. A suburban couple glare at each other over the tea tray, and the left muttering, as the Wife is Husband bumbles off to bed in a cloud of recrementary self-absorption, shows that the playwright's darker moods in *Home Friends* and *Just Between Ourselves* denote a shift of emphasis rather than a change of spots. Mr. Kingston and Gillian Martell play with an apt and beautiful blend of bright attack and reflective doubt.

In the first play, John R. Moore's *Alone At Last*, the interlocking monologues of a sexually undernourished Married Man (Mark Kingston) and a romantically adventurous Single Girl (Eileen Nicholas) are played on a soundtrack while the two characters eye each other shifty in a public bar. It is a slight and quite funny piece that director Stephanie Turner should finish off more conclusively than the text allows. However, this is a rich and interesting show that fully merits its packed audience.

## Warehouse

# That Good between Us

by B. A. YOUNG

Two agents in a Fascist Britain, one a volunteer hoping for excitement, the other a pawn blackmailed into the service as an alternative to a charge for rape. Both are murdered by other service agents when their value is exhausted. Howard Barker tells the tale in a series of little scenes that are not, at first easy to fit together, but which become more coherent as the climax approaches. What we then have turns out to be a kind of boys' adventure story that has undergone mutation under the radiation of politics and the permissive age.

The rapist is the first of the two that we see. He is being rowed anaesthetically into the Western Approaches by the men who see him overboard, the volunteer meanwhile offers his service to the Home Secretary while she is sailing on the Serpentine with her daughter.

The story develops without subtlety; nor, as I see it, the dramatic subtlety intended. The scenes are brief and generally violent (one of them depicts a triple rape that in fact occurs before the plot starts; I could do without it). What emerges from them is an assortment of attitudes towards law and order that vary from the simple opinion of the dissident group of Coldstreamers that they ought not to be over Us, to the Home Secretary's judgment on her colleagues that "We are better people than the people posing an alternative. The degree of suffering we cause is very light."

This Minister (played by Barbara Leigh-Hunt) is not, however, out of touch with the working of her department, for a moment later, under the orders of her superior officers, she performs a double suicide with her own daughter (Cherie Lunghi), who is having an affair with one of them, a "decommissioned," which is a fatal process. Mr. Barker plays fair, though his sympathies seem to be with the Democratic Movement of the Army, he includes opinions that favour a disciplined society without making them either ludicrous or exaggeratedly



Ian McDiarmid and John Nettles

## Covent Garden

# Romeo and Manon

by CLEMENT CRISP

Wayne Eagling was seen as the hero of two MacMillan ballets at the week-end, as the Royal Ballet season closed; on Friday night he was Romeo to Wendy Ellis's first Opera House Juliet and the next afternoon he appeared in the ballet to Jennifer Penney's Manon.

I find Eagling's performances of great interest: they are supremely danced interpretations in which a constant pleasure can be found in his sophisticated treatment of the steps. Eagling seems to savour the dances with a choreographer's understanding rather than an interpreter's appreciation of their challenges. He shows an acute feeling for the music, and he reveals how a dancer of fine technical gifts may, by subtle variations in dynamics, by rubato, refresh choreography with his own remarkable skills: it is truly creative dancing. In the brief male trio before the ballroom scene in *Romeo*, in *des Grieux* and Juliet's *Manon*.

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My Parents; 1977 by David Hockney

try your a relationship which has always been a good arguments on the present situation bad as many artists though the popular reading together with the better newspapers all. Mr. Overy, for three regular and colleagues write not enough space to cover every act is that the visual of not command the stated interest.

we have on the critic, forced to shyly selective, even reach to his brief; the artist, underling ignored, impudently. So the myth are a conspiracy, traditional discrediting and sanctifying of the revolution.

Three have made their own social and sties, and they re-directed. We are all embattled or social purpose; and should know that our right reasons to challenge the BBC camera crew side. To replace them at the Press and private views, who puffing and puffing with mystifying the comfort-fid indignation, is dangerous the artists might in its ignorance.

ould do little good. Returning at last to the show

## The Entertainment Guide is on Page 25

physical beauty with an effortless technical gift warm both dance and character. It is a lovely interpretation.

Stephen Jefferies has taken to the Opera House stage and its ballets like a young hero coming into his own. He is a dancer actor of rare ability, and whatever he undertakes is immediate and tremendous life. His first performance as Lescart on Saturday afternoon was exciting, the satiric, dancing exactly understood, though he must work on the opening solo, for a brief second it sprays out and looks fuzzy, as if he had lost concentration, but he quickly recovers, and his performance, as he has proved during this past season in every principal role he has taken.

Wendy Ellis's Covent Garden debut as Juliet was made very appealing by the youthful freshness of her dancing. Her was an interpretation as quick, light and clear in manner as her style of movement; she caught with happy ease the girl Juliet of the first act, delicate in phrasing and yet learned to make the ultimate peaks of the last act, I suspect that in a smaller

## Albert Hall/Radio 3

# The Raft of the Medusa

by MAX LOPPERT

In December, 1968, Andrew Porter recounted in these lifeboats and its 154 common raft columns the sensational events that followed the Hamburg premiere of Hans Werner Henze's *Das Floß der Medusa*—notably the clash between performers and Marxist students, and then the irruption of a British-brigade 15 days later, only 14 men were found to have survived. This is the subject of Gercault's famous painting, which, with the reports of the survivors, provides the source and the inspiration of the oratorio. Its themes—betrayal, violence, ideological suffering, revolutionary ideals forged out of agony among the survivors—are those of which Henze's work is so lavishly mounted. The performance, by the BBC Symphony Orchestra and Singers and Trinity Boys' Choir, had been superbly well conducted, with clarity, sensitivity, and a sense of the physical terms: Madame la Mort, placed on the left side of the stage, gradually with her alluring high soprano siren calls the choristers, adult and boy, originally ragged with their presentative, the mulatto Jean-Charles, on the right. At the same time, the imane inspires of the rich resource of musical contrasts out of which the work develops its dramatic impetus. Such a scheme, at once simple and English could not be found.

## Scottish Opera's new general administrator

The Board of Scottish Opera has announced the appointment of Mr. Peter Ebert as general administrator of Scottish Opera in succession to Mr. Peter Hemmings who leaves in September to take up the post of general manager of Australian Opera.

From 1965 to 1976 Peter Ebert was director of production for Scottish Opera and has produced 15 operas for the company since 1963.

## Cottesloe

# Metamorphosis

by B. A. YOUNG

*Metamorphosis*, Steven Berkoff's adaptation of Kafka's story about the young commercial traveller who turns into a giant beetle, has been standing by for some time now, but a Berkoff opus never stays quite the same. At the Round House in 1969, where I saw it before, *Metamorphosis* was half a double bill, now playing 100 minutes without an interval, it is the evening, and I think fills it more interestingly than before though this may be due to the closer attention one has in the Cottesloe than the Round House.

Gregor Samsa (Percy J. McGinty) has only a short time to establish himself before retreating into the scaffolding that represents his room after stand a phrase without seeing it and his family (my father, sentimental mother, affectionate clerk of his firm and the lodger who moves into the house, are played in an expressionist style, their faces whitened, their words spoken in a Schoenbergian *Sprechgesang*. The family regard Gregor as a universal provider, as he does himself. Anyone might turn into an insect in a house like that.

Mr. McGinty imagines his new incarnation most evocatively, his colopetrous movement emphasised by the electronic sound that is what the family hears when we hear him speaking. They treat him much as they always did; they feed and house him, reluctantly it is true, because, as the mountaineers say, he is there. As a hardworking human, however, he provided for them. Now he is a debit item, and afflict their character.

Mr. Berkoff's production is most effective within its own terms, though he is unwilling to believe that we can ever understand a phrase without seeing it acted out. I have what seems to me an important reservation, sentimental mother, affectionate clerk of his firm and the lodger who moves into the house, are played in an expressionist style, their faces whitened, their words spoken in a Schoenbergian *Sprechgesang*. The family regard Gregor as a universal provider, as he does himself. Anyone might turn into an insect in a house like that.

## ENO commission opera by Tom Eastwood

English National Opera has commissioned an opera from the Brazilian, which is subjected every ten years or so to a terrifying wood. The libretto will be by Penelope Gilliat. The opera, entitled *Beasts of Aurora*, is based very freely on a documentary classic of Brazilian literature, *Rebellion in the Backlands* by Euclides de Cunha, and on the exploits of the bandit Lameleão and his wife Maria Bonita.

The setting is the Sertão, the turn for a free pardon.

## Welsh National Opera 'package' weekends

Trust Houses Forte and Welsh National Opera are combining to promote operatic week-ends in the West Midlands. Following the establishment of its Birmingham base in the spring, WNO has taken advantage of its four seasons there to organise four package week-ends combining opera seats at the Hippodrome with accommodation at the Hotel, two minutes away, for an all-inclusive price of £37.00. Besides full board and the best seats in the house, the package also includes a full day sightseeing tour of the surrounding country on the Saturday.

The first week-end is Friday, September 23, and Sunday 25, when Bizet's *The Pearl Fishers* and Chaikovsky's *The Queen of Spades* can be seen. The week-end of December 16-17 offers Verdi's *Masnadieri* (The Robbers) and Mozart's *The Marriage of Figaro*.

The Spring week-end (April 7-8 1978) offers La Bohème and Richard Strauss' *Elektra*. The Summer week-end (June 23-24) is a tribute to Benjamin Britten when *A Midsummer Night's Dream* and *Peter Grimes* will be offered.

Bookings for these week-ends can be made through Howard Lichterman, WNO's Administration Manager (West Midlands) at the Birmingham Hippodrome, Hurst Street, Birmingham.

## FINANCIAL TIMES

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  - Tehran: P.O. Box 11-1879, Tel: 88212634 Tel: 682696
  - Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-5-5 Otomachi, Chiyoda-ku, Tel: 27104 Tel: 241 2920
  - Washington: Second Floor, 1325 E. Street, N.W., Washington D.C., Tel: 440225 Tel: 202 347 8676

## 'A Murder is Announced'

Peter Saunders will present *A Murder is Announced*, by Robert Bryn. Prior to the London premiere at the Vaudeville the play will be presented at the Theatre Royal, Brighton, for one week from August 29 and at the Richmond Theatre, Surrey, for two weeks commencing September 5.

## J. W. Spear & Sons Ltd.

(Manufacturers of Games and Educational Toys)

The Chairman, Mr. J. R. SPEAR, reports on 1976

	1976	1975
	£	£
Turnover	5,851,764	4,890,478
Group profit before tax	2,389,555	2,009,720
Group profit after tax	1,339,910	935,480
after minority interest	1,171,061	903,716
Gross Dividend	103,121	94,685

- TRADING RESULTS. They represent a new record and have risen in 11 out of the 12 last years.
- DIVIDENDS. The Directors would have proposed a considerably larger final had they been permitted to do so.
- EXPORTS amounted to £2,570,592 (£1,859,383).
- OUTLOOK. Since December 1976, costs have risen considerably, but increased orders and selling prices should lead to another satisfactory year.

**SPEAR'S GAMES**

OVERSEAS NEWS

WORLD TRADE NEWS

Libya puts out feelers for UN debate

By Kathleen Bishawi
TRIPOLI, July 31. LIBYA is considering raising the question of Egypt's aggression on its territory in the United Nations General Assembly...

Sadat hints at solution to PLO role in Geneva

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, July 31. PRESIDENT SADAT of Egypt said today he is considering several "alternatives" to get round the problem of the representation of the Palestinian Liberation Organisation at any Geneva Middle East peace conference...

Somalia alleges atrocities

BY OUR FOREIGN STAFF. FIERCE FIGHTING appeared to be continuing in south-eastern Ethiopia yesterday, with Somali guerrillas claiming to have killed thousands of Ethiopian troops and militia members...

Iran withdraws \$1.2bn. AWACS purchase offer

BY ROBERT GRAHAM TEHRAN, July 31. IRAN has withdrawn its letter of intent to purchase seven Airborne Warning and Control Systems (AWACS) worth \$1.2 billion from the U.S. according to local press reports...

Uneasy calm in Soweto

BY QUENTIN PEEL JOHANNESBURG, July 31. THE CONTINUING urban unrest in the Black township of Soweto is likely to figure high on the agenda of the South African Cabinet when it meets in Pretoria this week after a six-week recess...

Portugal to repay farmers

BY OUR OWN CORRESPONDENT LISBON, July 31. THE PORTUGUESE Government is to pay Esc.100bn. (£1.53bn.) to compensate shareholders for a large contingent of Britons and Spaniards who lost their assets during a wave of nationalisation and expropriations in 1974/75...

W. German banker murdered

By Jonathan Carr BONN, July 31. POLICE TO-DAY named four women wanted in connection with the murder on Saturday of Herr Jurgens Ponto, 53, head of West Germany's second biggest bank, the Dresdner. The killing is believed to be a kindle debate on yet stronger measures to combat terrorist attack in this country...

Carter blames public over energy wastage

BY OUR OWN CORRESPONDENT. PRESIDENT Jimmy Carter, whose energy programme faces a number of critical votes in Congress this week, has taken the American public to task for not heeding his warnings on the need for conservation...

Venezuela's BP protein project is postponed

By Joseph Mann CARACAS, July 31. VENEZUELA'S Energy Minister, Sr. Valentin Hernandez, has said that British Petroleum refused to participate in the construction of a \$115m. bio-protein plant here since it did not want to "run the risks" involved in the project as stipulated by the Venezuelan Government...

Hong Kong and U.S. sign textile restraint pact

BY PHILIP BOWRING HONG KONG, July 31. HONG KONG announced details of its new bilateral textile restraint pact with the U.S. The agreement is regarded as very important, not just to Hong Kong, because it is expected to set the tone for a whole series of similar arrangements between the U.S. and major exporting countries...

Court moves please EEC

BY DAVID BUCHAN BRUSSELS. THE EEC Commission has expressed "cautious satisfaction" that two developments in U.S. courts have at least postponed the prospect of a U.S.-EEC confrontation on trade policy...

Tass attack on neutron bomb

By David Satter MOSCOW, July 31. THE SOVIET Union has issued its most authoritative protest yet in a series of attacks on American moves towards production of the neutron bomb...

Rearmament call in China

The Chinese Defence Minister Mr. Ye Chienying in a major speech to a crowd of 10,000 at a rally yesterday celebrating the founding of the Peoples Liberation Army called for immediate modernisation of China's forces with special reference to guided missiles and nuclear weapons...

Rise in Maputo port dues annoys S. Africans

BY BERNARD SIMON JOHANNESBURG, July 31. AN INCREASE of 25 per cent in harbour dues from July 1 at Maputo, Mozambique's chief port, has provoked angry complaints from South African exporters...

Australian rates up 9%

SHIPPING FREIGHT rates expected that the n between Australia, Britain and ships kept waiting will Europe will rise by 9 per cent by around 15 every week from October 1, the Australian Shippers' Council and the threat to levy the congestion charge will be carried...

World Economic Indicators table with columns for Unemployment, U.K. (S.A.), U.S. (S.A.), France (S.A.), W. Germany, Belgium, Holland, Italy, Japan and rows for various months from July 77 to April 76.

Cross channel freight boom

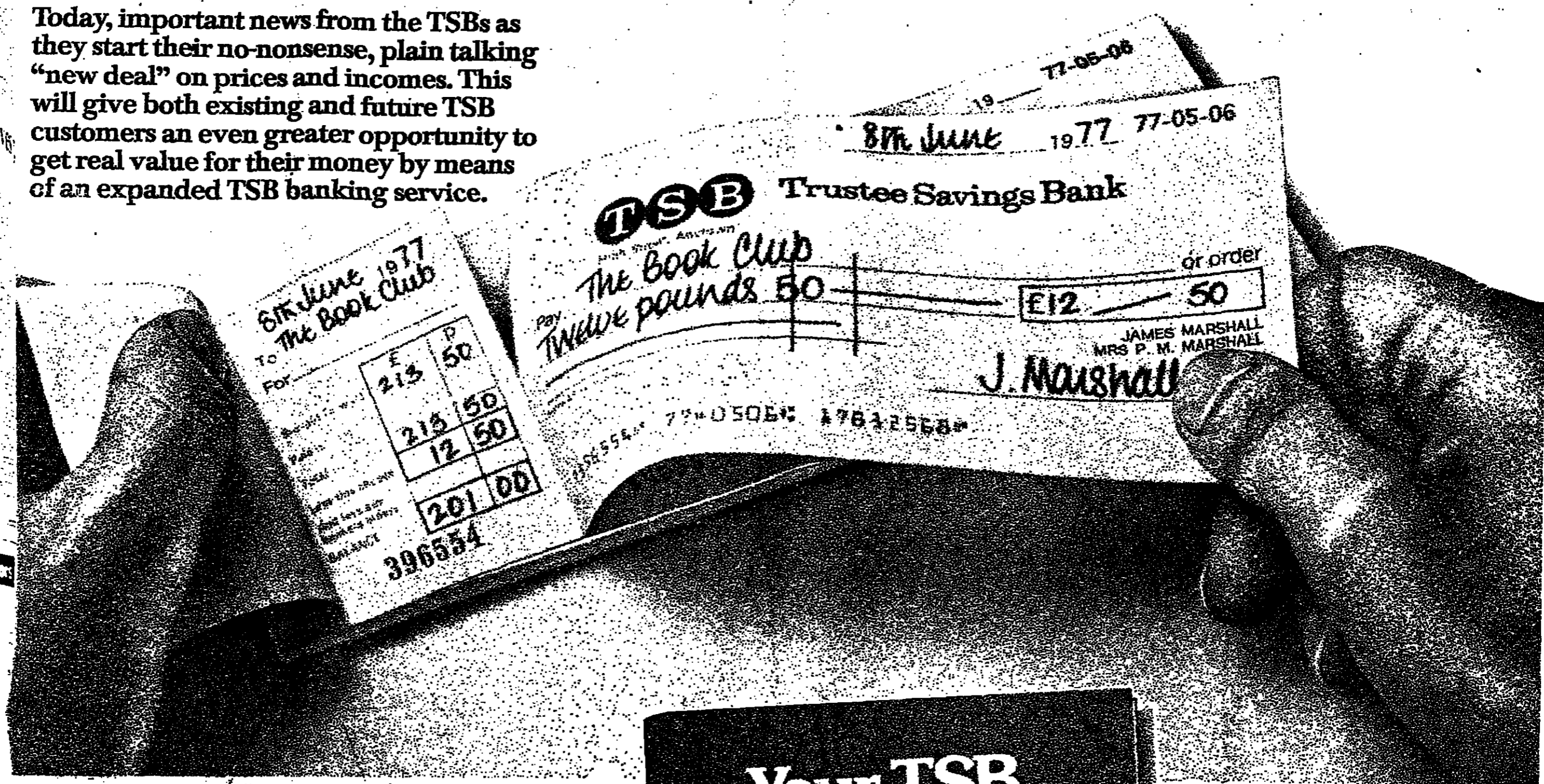
BY ROY ROGERS. CROSS CHANNEL trade through Belgium railways—and Normandy Ferries (P & O Group) as well as British Rail Hovercraft. It is the freight side which is seen as the area of greatest potential expansion and the introduction by Townsend Thoresen of two purpose-built freight ferries—the Dover-Calais and Dover-Zebrugge routes—is seen as one of the most significant recent developments...

Rise in Maputo port dues annoys S. Africans

BY BERNARD SIMON JOHANNESBURG, July 31. AN INCREASE of 25 per cent in harbour dues from July 1 at Maputo, Mozambique's chief port, has provoked angry complaints from South African exporters...

# Straight talk on prices and incomes

Today, important news from the TSBs as they start their no-nonsense, plain talking "new deal" on prices and incomes. This will give both existing and future TSB customers an even greater opportunity to get real value for their money by means of an expanded TSB banking service.



## Prices Talk

**Cheque Account Charges**  
A time when prices are rising where, the TSBs are freezing charges on cheque accounts. B customers will know that minimum balance of £50 maintained on a cheque account during 6-month charging period is that no charge will be at all. But if your balance below this figure, our 2½p\* for each cheque, standing order or direct debit payment is excellent value. And we guarantee that it will stay at this low at least until 20th May 1978. In the beginning of August we also raising the amount fixed by the TSB cheque £50.

**Current Accounts**  
Every major organisation in today, the TSB has

fought long and hard against increased costs. For some time we have successfully held down charges on all savings accounts for payment of standing orders and direct debits.

Now we are forced to raise these charges for the regular payment of bills to 20p each. But that's as far as they will go up, at least until next May.

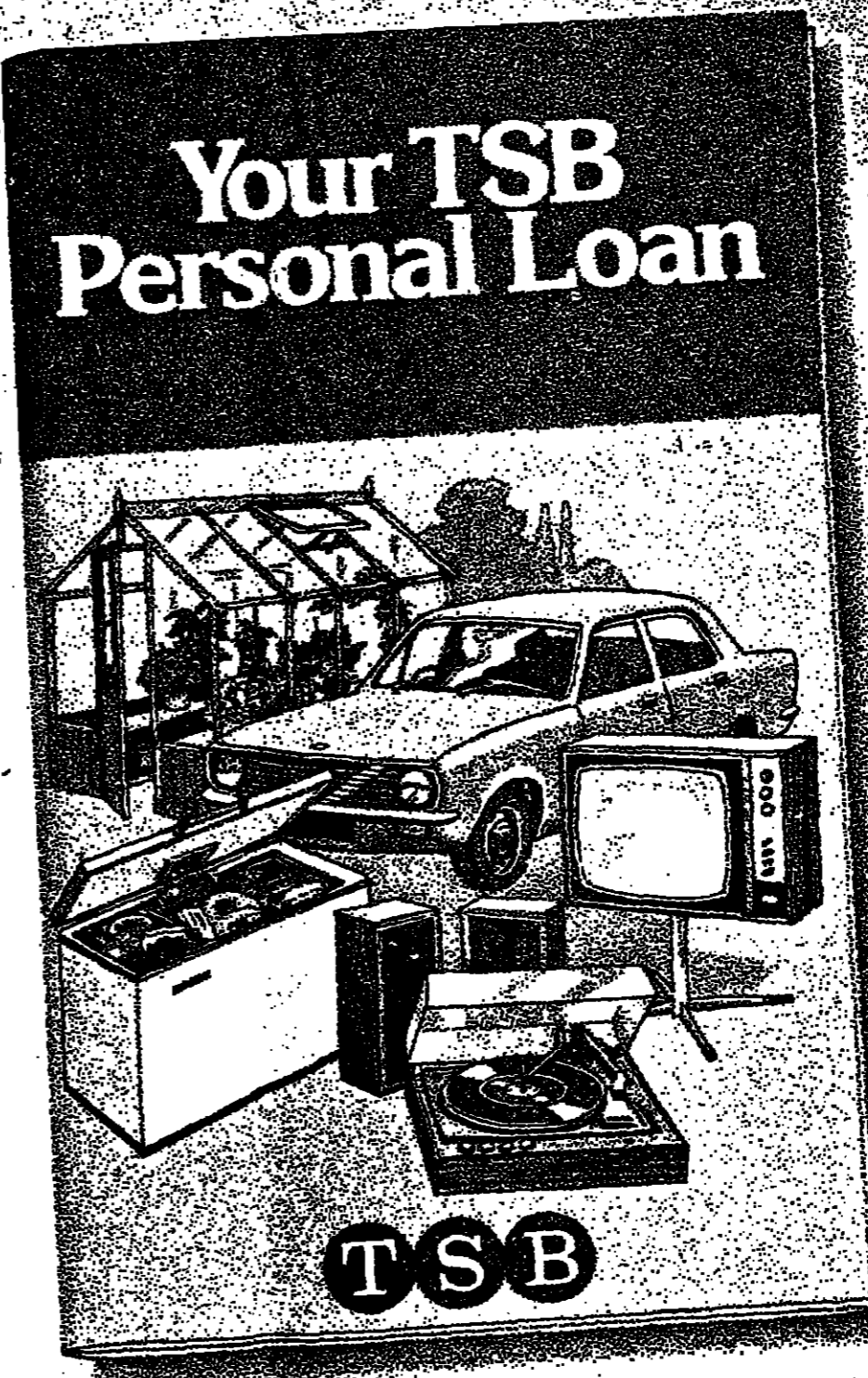
If you do have these regular payments, **talk to your branch manager right away about opening a cheque account.** That way they will only cost you 2½p\* each, or nothing at all if you have been able to keep £50 in your cheque account as described above.

But a TSB Savings Account will still offer deposits and withdrawals at absolutely no cost to you. And there is a handy 4% per annum interest rate too!

## Everything you would expect from a high street bank.

Many people still think of a savings bank. Certainly TSBs began this way mainly that's one of the reasons why today there are over 100 branches throughout the country.

Now the TSBs offer every facility you would expect from one of Britain's leading banking groups. Full details of all our services are available from your local Trustee Savings Bank.



## Incomes Talk

**New Personal Loans Policy**  
If you have held a TSB bank account for one full year, you can now start talking to your branch manager about that much-needed loan.

Provided you are known to us as someone who runs his or her money affairs wisely, there is no reason why it shouldn't be considered. And the repayment terms are helpfully tailored to the individual account holder.

Loans are available for many purposes, such as motor cars, home improvements, holidays, or even that hi-fi you have always dreamed of. Ask for our leaflet "Your TSB Personal Loan," which contains full details of repayments and interest rates charges.

**Temporary Credit**  
For those financial emergencies, you can discuss the possibility of temporary facilities with your branch manager.

**Bridging Loans and Other Facilities**  
The TSB may now be able to offer a bridging loan or help with other special credit requirements.

# TSB

## "It's the one for me"

\* Current account interest is calculated on a monthly basis as from the 21st and added to accounts annually on the 20th November. (Introduction date for bridging facilities may vary.)

\* Charges vary in Northern Ireland.

# Building and Civil Engineering

## Mowlem wins £10½m. contracts

THREE CONTRACTS in Abu Dhabi totalling £10.5m. have been awarded to Mowlem. Work will be carried out by Al Quebeisi-Mowlem, the company's Abu Dhabi associate.

The largest contract is from the Presidential Court of Abu Dhabi, and is for a £5m, 206-bedroomed hotel at Jebel Dhanna. The Mowlem system of an in-situ poured monolithic concrete shell will be used. Work starts soon for completion in November 1978. Michael Rayner and Partners are the architects.

## Big pipeline jobs

METROJECT IS to supply coal plans for the Trans-Siberian gas pipeline and primer for the corrosion protection of the steel pipeline to be laid for the Nigerian Ministry of Petroleum Resources by the Russian group Tavmetpromexport.

The contract is worth \$US1.2m. to the U.K. company, member of the Anglo American Asphalt Group and is of vital consequence for the pipeline project which is the keystone of the plan to provide petroleum products to major cities in Nigeria.

This is the second such contract to Metroject for the Nigerian project, bringing the total to date to over \$1.6m. Shipments from Tonbridge (Kent) and Cleckheaton (Yorks) have already begun.

Meanwhile, in Russia itself, the second contract worth £2m. is for a 14-storey office building for the Abu Dhabi National Insurance Company in Abu Dhabi city. The reinforced concrete frame building will be clad with curtain walling and the contract involves all associated ancillary works.

Architects and planning consultants are Weightman, Bullen, Riyad Al-Tajer and Partners.

Work is already under way on the third contract which is for an underwater fresh water pipeline from Jebel Dhanna to a reservoir on the island of Bani Yas, 160 miles north-west of Abu Dhabi. The pipeline will replace a tanker ship which daily carries desalinated water to the island.

## More work for John Laing

WORK ON A £522,000 computer centre in Kingswood, Surrey, for the Legal and General Assurance Society has just been started by John Laing. The new centre will have a single-storey steel-framed superstructure containing a computer room with a reinforced concrete basement housing the air-conditioning plant. Completion is expected in 12 months.

The new building, windowless for security reasons, will have a gross floor area of 12,912 square feet (1,500 sq.m.) part of which will result from conversion of an existing office accommodation. It will be clad in vitreous enamel-finished steel panels. The ground floor computer room itself will have a floor area of 4,000 square feet (467.5 sq.m.).

The centre has been designed by Winney Son and Austin Hall. Consulting engineers are Bylander Waddell Partnership (structural) and Tilney Simmons and Partners (mechanical and electrical). Quantity surveyors are Watkins Pool Partnership.

The city of Coventry has awarded the Midlands Region of John Laing Construction a £928,500 contract to build a two-storey teaching building in Gosford Street, next to an earlier Laing-built development to which it will be linked. This will be the eighth building in the redevelopment of Lancheater Polytechnic.

The new building will house the departments of electronic engineering and systems and controls which it is completed in October next year. It will be constructed of in situ reinforced concrete columns and floors on foundation bases, with brickwork and curtain wall cladding, and felt roofing on steel decking supported by structural steel beams on an in situ reinforced concrete ring beam system.

The General Building Branch of John Laing is to build 72 houses on two private developments in Buckinghamshire and Sussex for Laing Homes.

Work is now starting on 32 terraced and semi-detached houses on a two-acre site at the Leas, Iver, Bucks, while at Crabbet Park, Crawley, Sussex, work on a ten-month project for 40 houses will get under way in October.

## Wide spread of work for Cementation

WORK IS due to start next month on the £50m. Warsaw City air terminal for which Cementation International (Trafalgar House Group) is the main contractor.

When completed, the terminal will be one of eastern Europe's tallest buildings and will act as new headquarters for Ldt Polish Airlines. Cementation is responsible for the design, construction and equipping of the terminal.

Authors of the concept are Warcent of Warsaw and Cementation's design team includes architects Smigielski-Katten in association with Raglar Squire and Partners of London. Mechanical and structural design is by T. H. Engineering Services.

Meanwhile, another Trafalgar House company, Cementation Construction is to start work in the next two or three weeks on a £2.9m. contract designed to improve part of London's Western Avenue on the A40 London to Flapsgate trunk road at its junction with the A417 Greenford Road.

The works, which are scheduled to be completed in two years, are for the Greater London Council acting as agent for the Department of Transport.

Cementation is to construct an east-west dual three lane flyover—with ramped approaches—to carry the A40 trunk road traffic over the Greenford Road roundabout.

A sunken pedestrian concourse is to be constructed at this roundabout and four out of a total of five subways will be connected to the concourse. The works will include reconstruction, widening and improvement of the existing carriageways and footpaths, associated ancillary works, drainage and lighting.

Additionally, as part of the overall £200m. rapid transport system being undertaken by the system's Metropolitan Transport Authority, the India branch of Cementation has been awarded a contract worth £700,000.

The scheme, part of India's growing economic programme, is designed to lighten Calcutta's heavy traffic flows and Cementation is to construct two adjacent diaphragm walls which will be the largest ever built by the Indian branch when completed in 18 months time.

Trains in Calcutta are destined to run mostly underground in the future and Cementation's involvement forms part of the total transit system between Dum Dum to the north and Tollygunge to the south. The diaphragm walls are to be constructed along a busy road and will be 800 mm thick and 18 metres deep from road level. Each wall is to be 600 metres long and the total area to be concreted is 18,500 square metres.

Other contractors are to excavate between the walls, brace them and construct a reinforced concrete box section for the underground railway system. Cementation's contract value does not include the cement and steel which is to be provided by the transport authority.

Artists' impression of the £50m. Warsaw air terminal. Cementation International (Trafalgar House Group) expects to start work in September.

## Private housing venture

PLANNING approval to start the £1.5m. first phase of a big private residential development in Yorkshire has been obtained by FPA Stayley.

The site of the project, known as Swallownest, covers about 80 acres of former farmland at the Rotherham-Sheffield boundary and it is planned that the first houses will be completed and ready for occupation early next year. The entire project of about 300 dwellings plus schools, shops, and amenity areas will cost about £10m. and will be carried out in stages.

The first phase of the project will consist of 116 dwellings including traditionally built semi-detached and terraced houses and bungalows. Prices will range from about £9,500 for the smaller terraced houses to about £16,000 for the larger detached dwellings.

## Jobs worth £5.6m. for Shanley

CONTRACTS worth £5.6m. have been awarded to the Shanley Contracting Group. Three contracts totalling more than £4.7m. have been awarded by the London Borough of Southwark to Shanley Contracting (Southern) and an £87,000 contract awarded by the London Borough of Wallington to the headquarters company, Shanley Contracting of Luton.

Largest of the Southwark contracts, for over £3.4m., is for the construction of 221 houses and flats of 17 different types in 11 blocks of brick construction on the Pomeroy Street site.

The other two contracts are known as Consort "A" and "B". The former, valued at £228,000, is for the construction of 44 flats, while Consort "B," valued at £735,826 is for the construction of 48 flats and maisonettes in four three-storey blocks set around a courtyard.

Both sites are in Godman Road, Southwark, and all three of the Southwark projects will be served by a district heating system.

The Wallington contract, for £87,000, calls for the construction of 79 flats and maisonettes in three and four-storey blocks of traditional construction with Mansard roof.

## All services at the head of the bed

NURSES AND patients hospitals benefit considerably from the modern systems which provide anything from a TV programme to a supply of oxygen—all at the head of the bed.

Now, another system has entered the market and apart from the claim that it provides facilities that were available before it is being emphasised that it costs less to install and replace. It consists of a LifeLine 770 and its supplier kit form and will not only serve nurse call and gas services but also radio and power supply, telephone links with computers.

The system has been developed by the Systems Group, Wolverhampton (Wombourne 5561).

## Cubitts on Merseyside

THE Centre of Liverpool, Cubitts is to carry out a major 18-month refurbishment of the Queen Insurance Buildings under a contract worth about £790,000. Awarded by the Royal Insurance Company, the contract includes the provision of a new walkway, bridging a paved shopping area at basement level.

Under another £330,000 contract, Cubitts is currently putting the finishing touches to a similar high-grade modernisation job for the same company.

## £1½m. Shell laboratory

WORK IS well under way on a £1.5m. contract for a three-storey shell-framed building for Shell Research at Sittingbourne, Kent. Epps Construction of Ashford is undertaking the contract which is due for completion in October next year.

## Increasing activities

BECAUSE the volume of overseas work has increased and involved nearly half of the 2,000 staff of Sir William Huggins and Partners, the firm has set up an overseas partnership with panies and partnerships. It will undertake assignments under its own name outside the U.K.

known as Halerox International Partnership and will have partners, 16 of whom are London firms. Apart from the existing overseas panies and partnerships, it will undertake assignments under its own name outside the U.K.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

## ENERGY Salt water takes more solar heat

WITH THE vast amount of ingenuity applied to making the best use of the non-polluting power of the sun and the wind all over the world, it seems likely that in the not too distant future, such significant advances will be made that only those who cannot bide the use they are grinding will continue to stand out against heavily funded national development programmes for the use of natural resources.

The latest move in harnessing sun power has been made in Israel. There, a great deal of use has already been made of solar panels, some in a very rudimentary form, but effective nonetheless because of the enormous amount of sunlight that arid country receives in the course of the year.

However, seeking something more effective, Israeli research groups have come up with a development which could be of great immediate significance in all Mediterranean climate countries.

Raising their work on the observation that sunlight will heat the bottom of a shallow pool to temperatures well above what could be expected they have sought to retain as much heat as possible before it can be re-radiated by increasing the content of the water in mineral salts. It is known that—in the Dead Sea for instance—heavier salts in the shallows tend to get hotter and hotter and in fact come close to boiling point.

This observation has been applied to one-metre deep ponds from which the lowest layers with their heavy salt concentrations have been extracted for the heat they contain, and subsequently returned to the ponds, to repeat the cycle.

It is estimated that in Israel conditions, which are similar to those prevailing over large areas of the southern United States, 10,000 square metres of pond surface will support 10m. kilowatts of thermal output, either in the form of hot water, or in the form of air conditioning for large buildings like hotels.

It is the hotel application that the Israelis are exploiting at the moment.

More information on the method from the Tourist Ministry, attention M. Gidron, Jerusalem, Israel.

## SERVICES Drydock for dredgers

SERVICING OF dredging equipment all over the world is to be carried out by a specialist vessel which has cost its owners—Stevins Group, some £1½m.

The vessel is a floating drydock combined with a workshop. It has just been launched and it can transport the largest cutting suction dredger in the Stevins fleet as well as provide on-the-spot repair services, cutting downtime to a minimum, and eliminating the necessity of keeping separate, expensive workshops extant at each project site.

Built at De Jong's yard in the Netherlands, it has a 15-ton gantry crane with a span of 14 metres which may be replaced with a much larger unit later.

## QUARRYING Will help to break it up

A HYDRAULIC rock breaker just produced by Brown and Kawe Miami is reckoned to offer work output equal to that produced by four 2-tool air compressors (ie breakers).

The breaker has been designed for the small back-hoe type of excavator having an hydraulic pump output of between nine

## ELECTRONICS Monolithic regulator

AVAILABLE from Motorola is a linear integrated circuit chip containing a field-effect transistor which constitutes a stable 2.5 volt reference voltage source exhibiting minimum temperature drift.

There are four circuits with different operating temperatures and drifts but they will all provide the 2.5 V reference to 1 per cent with the input voltage anywhere in the range 4.75 to 40 volts.

Parts MC1503A and 1403A have maximum temperature coefficients of 25 ppm/deg C of output voltage. Temperature ranges are -55 to 125 and 0 to 70 deg C respectively. Without the "A" suffix these parts mount on devices with a slightly greater temperature drift. Laser-trimmed resistive networks are used to yield the good tolerances. Quiescent current is only 1.5 mA and the load regulation is 40 mV when the current taken varies from one to 11 mA. More on 01-902 8336.

## DATA PROCESSING Solving the designers' problems

AROUND 200 office plate design calculations are being performed by computer every week for ISA Controls of Shildon, County Durham, at a saving over methods previously applied—slide-rule or calculator—of some 50 per cent in costs.

The company wanted to go to numerical turning to solve some production problems and the Unit took an old but excellent instrument as a model. Finding that the fare lay on a smooth curve except for one point, which could be ignored.

From the mathematical representation a 100 path tape for the lathe was generated, consisting of 238 points spaced along the curve so that when joined by straight lines, deviation from the true curve was no more than 0.002mm.

More from the Unit on 0223 64868.

## SOFTWARE Holds down the cost of operations

WHILE THE basic cost of a great deal of computer equipment has been dropping quickly over the past few years, the cost of software for most installations has been rising very fast. To meet this development, Olivetti has invented Opal. This is a master programme which potentially can quickly tune to their own requirements.

Its Management Account Processor incorporates all the accounting routines that might be needed for the production of management accounts. At a new installation, a potential user produces a chart detailing the particular routines required.

Answering a series of questions posed by the machine, the user sets up a series of parameters which determine those parts of the master programme he requires to use. That completes his application programme work.

## LOGGING Logger for problem environment

THERE HAS been, for some time, a need for data loggers able to handle inputs at very low levels of power while being impervious to an environment with high electrical interference.

The rate and sequence in which the data is collected is controlled by a presetable timer and a clock gives a crystal-controlled real time check.

A 16-channel, two-colour printer provides a print-out, or the information can be recorded on tape for computer analysis. When required, the logger can be connected to any calculator which will work on the IEC bus interface.

Overall systems accuracy of 0.08 per cent, for six months without recalibration is claimed and a two-year warranty is offered.

For more information contact the Datron Electronics Northwich Airport Industrial Estate, Northwich N16 6JQ, 0963 412126.

## MATERIALS Coal ash to fireproof steelwork

INSULATING material made from finely divided fly ash, produced in huge amounts by the Central Electricity Generating Board's coal-fired power stations, could play a significant role in the buildings of the future.

Pulverised fuel ash (PFA), may be transformed by a process evolved by the Ceramics Centre at Harwell, working with CEGB—which has a vast and never-ending ash problem—into a solid composed of microscopic glassy spheres. Gonnelle, as the material has been called, is light yet robust and can be

## INSTRUMENTS Sees signal in noise

LATEST in the Ortholox range of instruments from Brookdeal Electronics, the SC 9505, can analyse signals in a number of ways, in some cases in the presence of noise of a high level.

The instrument can be used as a spectrum or vibration analyser, over the audio frequency band with an input dynamic range up to 100 dB. It can also be used as an automatic vector voltmeter with cartesian as well as polar co-ordinate outputs and very good noise immunity. In addition, the SC 9505 can be employed as a narrow bandwidth AC micro-voltmeter and as a noise analyser.

## EXHIBITIONS & CONFERENCES Automation in shops

FOR THE first time, it is thought, various competing types of point-of-sale equipment will be put through their paces in public at the forthcoming Equip/Mag Shop Equipment and Supplies Exhibition, in Paris at the Parc des Expositions from November 6 to 11.

Up to 40,000 trade visitors are expected and some 400 companies will be exhibiting on over 16,000 square metres of stand space.

The French Institute for Self-Service will be organising information meetings on the applications and problems of point-of-sale units.

Apart from this new technology there will be a display of the latest in pedestrian zones in town centres and the organisation of stores and shopping arcades abroad them.

More from French Trade Exhibitions on 01-235 3234.

## Trade mark seminar

INDUSTRIALISTS who have the problem of launching new products or protecting existing ones, but do not themselves know much about the law and practice will be interested in a one-day seminar at the University of Edinburgh on September 25.

Organised by the Centre for Industrial Collaboration and Liaison there with the co-operation of the CBI's Scottish Office, the seminar will aim to provide general familiarity with the subject through talks and discussions with experts and a case history to be provided by a large Scottish company.

More from the University (attention Mr. B. Campbell) 16, George Square, Edinburgh EH8 8JD, 031 667 1011.

## In brief

Intel has introduced a mask-programmable memory which is electrically mechanically compatible with the recently announced electrically programmable 2716. This company is taking a micro development project and employ the erasable 2716 development purposes and change to the lower cost for main production. The company has also recently announced an add-on memory, in-SOC, the PDP-11/03, and 11/94 computers 0556 771431.

Intended for 10 dedicated computing and applications is the CR170, a large scale integrated programme made by Western Digital, in the U.K. from 64-bit components, 59 Western Digital, The four-bit chip need, or no support circuits at all, contains on-board maskable control ROM, data and address bus, and direct interfacing. More on 0734 8200.

Affordable service with GIB Bars and GIB

COMPONENTS  
Logic move by ITT

Logic move by ITT

In brief

In brief

In brief

In brief

PEX bid to amend jobs protection Act

AULINE CLARK, LABOUR STAFF

ASSOCIATION of Professional Executive, Clerical and Administrative Staffs... bid to amend the 1975 Employment Protection Act...

AA holiday chalet plan for British beauty spots

BY RHYS DAVID

THE AA is making a tentative first move into the British holiday business with plans to develop chalets at beauty spots in Wales and Scotland...

Fenland woos mini-industries

BY PETER DENNIS

FENLAND DISTRICT Council in East Anglia is to spend £383,000 on building 39 mini-factories to meet a need for small industrial sites not being provided for by the big industrial property developers...

Engineering union's Boyd rejoin TUC council

IAN PIKE, LABOUR STAFF

MR BOYD, who was Boyd on the General Council from the TUC general election... rejoin the TUC council...

Porters want a seat on Dock Labour Board

OUR SHIPPING CORRESPONDENT

PORTERS EXPORTERS have no opportunity of expressing their views on matters of concern to them... want a seat on the Dock Labour Board...

Hope for Glenfield plant

GLASGOW CORRESPONDENT

HOPE for the 1,000 jobs and officials of the Scottish Kilmarnock valve plant... which has already indicated some Government aid will be available to help revive the company...

Longer bank hours opposed

By Our Labour Staff

THE NATIONAL Union of Bank Employees has blocked a move to extend opening hours in five branches of Barclays Bank... because the union believes the trend might spread and put intolerable strains on some of its members...

EX lures accountants

LABOUR STAFF

ASSOCIATION of Professional Executive, Clerical and Administrative Staffs (APEX) is launching a recruitment drive to attract 15,000 accountants to the profession... lures accountants with a minimum salary...

U.K. TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Lists various trade fairs and exhibitions in the UK.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Lists various trade fairs and exhibitions overseas.

BUSINESS AND MANAGEMENT CONFERENCES

Table with columns: Date, Title, Venue. Lists various business and management conferences.



GAS-THE FUEL IN THEIR FUTURE.

We're lucky in Britain, we have vast reserves of natural gas in the North Sea—enough to supply our essential needs for decades to come. Natural gas has already brought great benefits to Britain. It saves us thousands of millions of pounds each year on our balance of payments. It supplies a quarter of all the heat our industries need. And over 13 million customers already use this clean, controllable and economical fuel to heat their homes and cook their meals.

GREAT GAS SAVE IT FOR GREAT BRITAIN!

BRITISH GAS

# Leyland hopes to regain market lead this month

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

U.K. CAR registrations are expected to rise to their highest point of the year this month as Leyland, after a difficult spring and early summer, seems well placed to take advantage of the existing demand. It has plenty of stock from cars which have been built since the toolmakers' dispute was held its summer price increase to 4.6 per cent, against 6.5 per cent from Ford.

By contrast, Ford is now suffering from a low stock level after the Dagenham strike and the holiday period, and is expecting car manufacturers which sell mostly to the company fleet customers therefore tend to suffer.

# Wide-ranging inquiry likely into motorway service areas

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A FULL-SCALE, independent inquiry into motorway service areas is being set up by Mr. William Rodgers, Transport Secretary. The move follows a spate of criticisms about over-charging, poor facilities and monopolistic practices at the 69 service areas, 18 of which are operated on franchise by Trust Houses Forte and Granada.

The Department of Prices is considering a demand made in the Commons last week for a Price Commission investigation into motorway trading, but now more than 10p above those

Leyland dealers believe that it is crucial to the future of the company that it makes a solid sales impact this month, because there has been evidence in recent months of confidence in its ability to deliver vehicles beginning to ebb away among customers.

If this drain in confidence continued, the company could be faced with the prospect of deliberately reducing production later in the year.

However, Leyland faces, imported cars are expected to register high totals this month, probably returning to the 45 per cent level achieved in March and April, or perhaps exceeding it.

# Yes to 16 amps

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE FIRST in a series of draft international proposals for a 16 amp unified plug and socket system, now being developed in the International Electrotechnical Commission, has been approved on behalf of the U.K. by the British Electrotechnical Committee. Approval of this first draft does not commit the U.K. to accept further proposals or to final adoption of the system.

Forty-two countries have considered the draft, although it will be some months before the result of the world vote is known.

# Test windfall

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

RECORD TAKINGS of £116,000 were reported for the first three days of the Test match at Nottingham. Nearly 60,000 people turned to Trent Bridge during the three days up to Saturday.

# Liverpool speed-up cuts surcharges

BY ROY ROGERS, SHIPPING CORRESPONDENT

THE PORT of Liverpool will receive a welcome boost to-day when five shipping conferences remove congestion surcharges levied on cargo through the port. In recent months Liverpool has been dogged by port productivity and slow turn-round times, which prompted many lines to impose surcharges and some to divert some services to other ports.

The Mersey Docks and Harbour Company has been making attempts to improve the situation and these moves are paying off, with the five conferences noting sufficient "improvement" to remove their surcharges.

Last night Mr. James B. Fitzpatrick, Mersey Docks and Harbour Board managing director, expressed the hope that these decisions "will encourage those still imposing a surcharge to remove this penalty which we believe is no longer justified."

As from to-day the European East Africa, U.K.-Mauritius, U.K.-Sudan, the U.K.-South and South-East Africa and the U.K.-Red Sea conferences all remove 10 per cent surcharges on cargo loading at Liverpool. Recently the Arabian and Iranian Ports Conference ended a similar surcharge.

They had been in force after post congestion earlier this year, due partly to labour shortages and heavier than forecast traffic.

Mr. Fitzpatrick maintains that these moves reflect the general improvement in cargo handling and ship turn-round in the port, and stresses that the company intends "to go on improving our productivity until the remaining surcharges are removed."

An improved incentive payments scheme is expected to figure in pay negotiations now under way for the ports 6,000 dockers.

# Tanker rates improve

BY OUR SHIPPING CORRESPONDENT

CRUDE OIL tanker chartering rates fell slightly last week due to increases of three to four points for the larger vessels loading in the Persian Gulf.

But Mediterranean rates remained steady, with rates in the Caribbean generally steady despite a fair amount of demand plus a lot of activity early in the week. Brokers also reported a number of West African fixtures early in the week, although activity faded later.

A feature of the week was that the Libyan-Egyptian confrontation may have caused many charterers to switch their inquiries from Libya to other loading areas.

Guif rates for very large crude carriers (VLCCs) are now around Worldscale 23-24, with ultra large crude carriers (ULCCs) fixing at about Worldscale 22. These slight improvements are seen as the result of owners resisting charterers' pressure and preferring to leave their vessels in semi-lay-up in the Gulf rather than accept the previous poor rates.

# Better deal for top pupils

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MANY STATE schools have gifted pupils with particular needs "should ensure that the responsibility for provision is taken up by another institution or agency," the inspectors say.

To an observer, this recommendation seems to imply conflict with last year's comprehensive recommendations. As a child's gift may be for mathematics or languages, but the Act limits special State-financed schooling to those with outstanding ability in music, dancing and ballet.

However, the inspectors add that transfers from one comprehensive school to another which is a strong specialism may be helpful.

Gifted children in Middle and Comprehensive Secondary Schools. S.O.C. 11.75.

# Home for sale

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ONE of Norfolk's finest country houses, the 17th century Old Hall at Snettisham, is to be sold after 18 years in the hands of Dame Barbara Strickland, widow of Gen. Sir Peter Strickland.

# Fast action urged on local radio

BY JAMES McDONALD

SELF-FINANCING local radio on the model of Independent Local Radio should be extended throughout the U.K., and new stations should be opened with the minimum of delay, says The Association of Independent Radio Contractors.

In a submission to the Home Secretary on the Annual Report on the Future of Broadcasting, the association says that the "dominantly locally owned self-financing independent radio stations which should hold valid contracts from public authorities."

The submission lists the total identification of the 19 existing Independent Local Radio stations. Research just completed shows I.L.R. is "the most popular radio service in which it is broadcast. Not all the independent radio areas however have competition from BBC local stations."

"In those independent local radio areas where a BBC local station received the respective local listening are: I.L.R.—77 per cent; BBC local radio—4 per cent."

Nearly half of those who could listen to I.L.R. do so each week. "In the whole of the U.K. nearly a third of all adults listen to I.L.R. each week."

While the association agrees that ownership of local radio stations should be predominantly local, it did not believe that it was appropriate to restrict ownership to local residents or to limit the number of stations in any local radio area.

It did however, accept that there should be no restriction on the number of stations in any local radio area.

"Restrictions on the number of stations in any local radio area would be a restriction on the freedom of the market and would be a restriction on the freedom of the market."

# Callaghan decision soon on Wilson 'bugging' inquiry

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN is also said to have been "bugged" in the past. "Neither the Home Secretary, nor the head of the Security Service or any of his staff had any knowledge of the bugging of Mr. Callaghan's study at 10 Downing Street when he was Prime Minister."

Mr. Callaghan dismissed the affair with Mr. Maryon Rees, Home Secretary, at the weekend and was said to be studying the public exchanges on the subject "with care."

The indications are that the Prime Minister has not changed his view that there should be no bugging of the Home Secretary. "Since I have not been under security surveillance, had reason to suspect that the activities were going on, I do not think that Mr. Callaghan's bugging was a breach of the law."

Mr. Callaghan's bugging was reported in the Daily Express as "incredible." "Had this electronic surveillance been in force I should have known. At Harold's Downing Street study there were three bugging devices were discovered at the weekend. The cavity was not used by an electronic device but by an electric Common's and his home was being bugged."

The allegations should be investigated. Mr. Callaghan asked for any specific information to be given to the Home Secretary. "Since I have not been under security surveillance, had reason to suspect that the activities were going on, I do not think that Mr. Callaghan's bugging was a breach of the law."

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# Labour MPs demand freeze on beer prices

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

PRESSURE FOR a freeze on beer prices for a year is coming from Labour Party MPs. The Price Commission report which found that the other 12 months on pay trends showed the classic conditions for a monopoly.

MPs are also suggesting that the matter should be referred to the Monopolies Commission by Mr. Roy Matherley, the Prices Secretary.

Mr. Walter Johnson (Lab., Derby South), said: "This merely bears out the criticism I have been levelling at yesterday for taking the public for a ride over the past 12 months. Some brewers, often in concert, have put-up their prices at

# Labour MPs demand freeze on beer prices

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

least four times in the past year and this at a time when the Government is trying to get the price of bread to hold back for the other 12 months on pay trends showed the classic conditions for a monopoly.

Mr. Doug Hoyle (Lab., Nelson and Colne) said: "The exploitation of the pint drinker must stop at once."

The Brewers' Society is disputing the Price Commission report with officials at the Ministry of Agriculture Fisheries and Food today. Rejecting the MPs' allegations, the society said yesterday that there was no question of monopoly conditions in the industry and there had been no element of profiteering in its pricing.

# COMPANY NOTICES

**VOTING NOTICE**  
to the holders of  
European Depositary Receipts for  
Common Stock of  
**Trio Kenwood Corporation**  
(Formerly Trio Electronics Inc.)  
DESIGNATED COUPON No. 29

(Action Required on or prior to 5th August 1977)

Chemical Bank, as Depositary ("the Depositary") under the Deposit Agreement dated as of May 1977, among Trio Kenwood Corporation, the Company, the holders of the European Depositary Receipts ("the Receipts") issued thereunder in respect of shares of Common Stock of Trio Kenwood Corporation, the Company ("the Common Stock"), HEREBY GIVES NOTICE that the Custodian under such Deposit Agreement has received notice of general meeting of stockholders of the Company to be held in Tokyo, Japan on 10th August, 1977.

The following, taken from the notice of the general meeting to be given by the Company, are the matters to be voted on at such meeting:

- Approval of balance sheet as of May 31, 1977, statement of profit and loss, business report and disposal of profit for the 45th term (November 21, 1976 through August 31, 1977).
- Revision of Articles of Incorporation.
- Election of 11 directors.
- Election of 1 auditor.

Such notice and the report or reports to be delivered in connection therewith, together with English translations of both, will when received be available for inspection at the office of the Depositary in London and at the office of any of the following Sub-Depositaries:

**SUB-DEPOSITARIES**  
Chemical Bank, Frankfurt/Main, Germany.  
Banque Internationale a Luxembourg, S.A., Luxembourg B, Luxembourg.  
Pierson, Holding & Pierson, Amsterdam, The Netherlands.

Voting rights under such Deposit Agreement may be exercised through the Depositary by holders of Coupon No. 29 in possession of the form of the Proxy Instructions for the matters to be voted on. Such form of proxy instruction is available at the office of the Depositary in London or any Sub-Depositary listed above and provides also for instruction to the Depositary to give a discretionary proxy to a person designated by the Company.

The Depositary will vote the Common Stock represented by a Receipt as instructed in such form of proxy instruction, properly completed and accompanied by Coupon No. 29 detached from such Receipt, in accordance with the instructions of the holder of the Receipt, or in the absence of instructions by holders of Coupon No. 29 the Depositary may, in its discretion, give a discretionary proxy to a person designated by the Company, but no representation is made that it will do so. The Depositary is not permitted by such Deposit Agreement to give a discretionary proxy in the absence of instructions from coupon holders with respect to any proposition, (1) as to which the Depositary has any substantial interest as to the action to be taken at the meeting, or (2) for the purpose of authorizing a merger, consolidation or any other matter which may affect substantially the rights or privileges of the Common Stock or other securities on deposit with the Custodian under such Deposit Agreement.

THE THOMSON ORGANISATION LTD.  
NOTICE IS HEREBY GIVEN that the Register of the £325,000 Cumulative Preference Shares of the Company will be closed for entry only on Friday, 19th August 1977, for the preparation of Dividend warrants which will be payable on 30th September 1977.

**BOND DRAWINGS**  
N.V. ROTTERDAM-BLIJN PIPLEIDING  
U.S.\$10,000,000 8 1/2% BONDS 1982  
DRAWING OF BONDS of the above issue will take place on 24th August 1977, from which date all interest thereon will be payable on 24th August 1977, from which date all interest thereon will be payable on 24th August 1977, from which date all interest thereon will be payable on 24th August 1977.

**STEEL STOCKHOLDING COMPANY REQUIRED**  
Details in strictest confidence to  
Box No. C.1216  
c/o Exel Advertising & PR Services Ltd.  
Pemberton House,  
East Harding Street,  
London EC4A 3JD.

**WANKIE COLLIERY COMPANY LIMITED**  
(Incorporated in Rhodesia)  
Notice to Holders of 5 1/2% Debentures dated 1977, bearing interest at 10% per annum.  
INTERIM PAYMENT No. 48

Notice is hereby given that the interest on the above debentures will be paid on 15th August 1977, to the order of the holder, at the office of the Secretary, Wankie Colliery Company Limited, 25th July 1977.

**CARLO ENGINEERING GROUP LIMITED**  
NOTICE IS HEREBY GIVEN that the Registrar of Companies in London has received notice from the Secretary of the Company, Carlo Engineering Group Limited, of the appointment of Mr. J. A. Curdren, Secretary.

**MITSUBISHI AND CO. LTD. GRADUARY EDN'S**  
NOTICE IS HEREBY GIVEN that the Registrar of Companies in London has received notice from the Secretary of the Company, Mitsubishi and Co. Ltd., of the appointment of Mr. J. A. Curdren, Secretary.

**CITY OF EDINBURGH**  
PUBLIC NOTICE  
The City of Edinburgh Council has received notice from the Secretary of the Company, City of Edinburgh Council, of the appointment of Mr. J. A. Curdren, Secretary.

**PERSONAL**  
YOUR HOUSE can help you and others if it is larger than you now need. One portion can be sold for cash. How? Sell your house to Help The Homeless. You gain a warm, modern flat. They gain a home. Write or phone for details. Write to: The Homeless Secretariat, Help The Homeless, 100, Victoria Road, W1A 2AP, Tel. 01-499 0973.

**DIAMONDS FOR INVESTMENT**  
Diamonds are the most secure investment. They are the most liquid. They are the most profitable. They are the most secure. They are the most liquid. They are the most profitable. They are the most secure.

**WEEK'S FINANCIAL DIARY**  
The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The subdivisions shown below are based mainly on last year's timetable.

**COMPANY MEETINGS**  
Newman Industries 19.00  
North British 19.00  
Scottish Widows 19.00  
Woolwich 19.00

**LEGAL NOTICES**  
In the HIGH COURT OF JUSTICE  
Chancery Division  
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# MP to quiz Ministry over warplane's Soviet metal

BY PHILIP RAWSTORNE

MR. WINSTON CHURCHILL, a Tory front bench spokesman, said yesterday that he was seeking clarification from the Ministry of Defence over the reported purchase from the Soviet Union of material needed for components of the Tornado, the multi-role combat aircraft.

The Tornado is a joint project involving Britain, West Germany and Italy. West Germany is reported to have bought aluminium from the Soviet Union for the making of an essential component, because it is cheaper.

"Since the Tornado is to be the backbone of the RAF one must question the desirability of this practice," said Mr. Churchill, who was not unknown.

The risk is that over-dependence on the Soviet Union for materials from the Soviet Union which are needed for defence needs to be examined. "I think it is a suitable but sub-committee of the Comm expenditure committee. I would like to see a public clarification," he said.

Mr. Churchill said he was suggesting that a position over-dependence on the Soviet Union for defence equipment be reached, but the Defence Ministry, that same party for which he is a Member of Parliament, had originated the question of the desirability of this practice, said Mr. Churchill, who was not unknown.

# Distillers fight whisky curbs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WHISKY distillers are concerned about reports that the Australian Government intends to put a quota on imports of Scotch which would effectively kill growth in an important export market for the Scotch Whisky Association.

The most recent reports say that the Australian Government is seriously considering a recommendation from the authority that imports should be restricted to 70 or 80 per cent of the 1976-77 volume. So far no announcement has appeared, but account for some four-fifths of the Scotch Whisky Association's sales in Australia.

DCI has supported the restrictions on imported spirits, applied until 1985, but Association against any for. But the company's 2.3m proof gallons a year. United Distillers, which produces a local spirit, did support the Government's proposal. Australian Distillers Association submission that some protection should be given to the Scotch Whisky Association's sales in Australia.

By far the largest British whisky brand is James Watson & Co., who supply 80 per cent of the Scotch Whisky Association's sales in Australia. The company's 2.3m proof gallons a year. United Distillers, which produces a local spirit, did support the Government's proposal. Australian Distillers Association submission that some protection should be given to the Scotch Whisky Association's sales in Australia.

# Home for sale

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ONE of Norfolk's finest country houses, the 17th century Old Hall at Snettisham, is to be sold after 18 years in the hands of Dame Barbara Strickland, widow of Gen. Sir Peter Strickland.

# WEEK'S FINANCIAL DIARY

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The subdivisions shown below are based mainly on last year's timetable.

**COMPANY MEETINGS**  
Newman Industries 19.00  
North British 19.00  
Scottish Widows 19.00  
Woolwich 19.00

**LEGAL NOTICES**  
In the HIGH COURT OF JUSTICE  
Chancery Division  
Notice is hereby given that the Registrar of Companies in London has received notice from the Secretary of the Company, Carlo Engineering Group Limited, of the appointment of Mr. J. A. Curdren, Secretary.

**LEGAL NOTICES**  
In the HIGH COURT OF JUSTICE  
Chancery Division  
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NOV 1977

BRITISH PETROL COMPANY LIMITED

Annual Report and Accounts for 1976/77

SEPT 1977

BP Logo

European Commission

Annual Report and Accounts for 1976/77

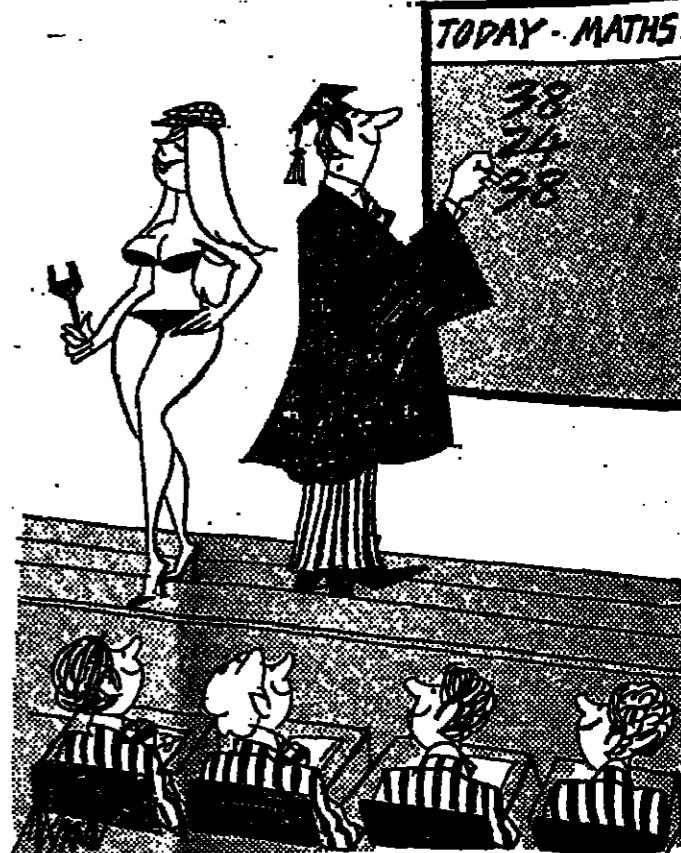
BP Logo

European Commission



A novel quest for numeracy

Michael Dixon examines the obstacles faced by industrialists and educators in their joint campaign for better teaching of mathematics.



People who grow up to read and write in the same tolerable way that most can in the better economy...

Materials for this third approach, is finding life a considerable struggle. Formed with the support of small numbers both of educators and companies a year ago...

school- and college-teachers who belong to it and members of the staff of its similar number but its small number of sponsors...

Make maths teaching more relevant and interesting by preparing attractive, slim packages...

Two managerial essay contests now open focus on national economic issues

British Institute of Management wants people in to use their experience in 10-day workings of economy to make some suggestions for the future...

Pages. Prize money totalling £900 will go to the writers of the best essays. The contest is open to students of management as well as to practising managers...

Computerising the business travel world

SIX YEARS ago the directors of the London agency Worldmark Travel decided to concentrate on the business travel market...

large the computer. The tickets are made out on British Airways forms jointly designed by Worldmark and BA...

BP logo and text: Dfls. 60,000,000. % bearer notes of 1972 due 1976/1979. THE BRITISH PETROLEUM COMPANY LIMITED...

UROFIMA logo and text: European Company for the Financing of Railroad Rolling Stock. Second annual redemption instalment of Dfls. 50,000,000...

Differentials. The institute is not the only body which is currently running an essay contest for managers. Personnel Management, the journal of the Institute of Personnel Management...

Agourmet lunch for only £5.50. By 'lunch' we mean an appetizer, main course, sweet or cheese, coffee, service and VAT. Our gourmet menu varies daily...

REGIONAL DEVELOPMENT FUND LIMITED (KEHTYSALUEKRAHASTO OY). Dfls. 30,000,000. 6 1/2% bearer notes 1972 due 1976/1979...

A FINANCIAL TIMES SURVEY CANADA. NOVEMBER 21, 1977. The Financial Times is preparing to publish a survey on Canada. It is proposed to include articles on the economy, Quebec and other provinces...

# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF  
Telegrams: Finantime, London P54. Telex: 880341/2, 883897  
Telephone: 01-248 8000

Monday August 1 1977

## Financing the BBC

NO INURED are we now to Government expediency that the putting up of the television licence fee at the last minute of the Parliamentary year comes as no surprise. Once again the real issues have been avoided, and avoided because there is likely to be an election during the next 18 months and any sort of fuss over broadcasting is one that the Government would rather not have.

The difficulties which have been avoided are obvious enough. If the present system of financing the BBC by licence fees is to continue, those licence fees are likely to become unacceptably high. The alternatives are for the BBC to accept advertising for some at least of its services or for the Corporation to be financed by some form of direct grant. To maintain the BBC at the level of commercial living to which it has become accustomed would probably require a £27 colour licence and a £12 monochrome fee, compared with the current rates of £21 and £9 respectively.

**Advertising**  
The British public now faces the question of whether or not it wishes the present broadcasting system to be kept and, if so, kept on its present financial basis. While there are arguments in favour of a totally free-enterprise system there is little doubt that the ending of a tax-backed BBC would provoke an unacceptable consumer reaction. It may be possible to split the BBC into public sector activities and self-financing areas (perhaps Radios 1 and 2, local radio and BBC TV 1) could be financed by advertising, but the broad principle remains the same.

**Fragmentation**  
In broad terms, the new licence fee levels are simply a stop gap. If the present system is to be retained then its latest application is too little and too far short a time. But the real facts of the matter are that realistic application of the present system is politically unacceptable. That being the case the Corporation should either face up to the annual grant which what ever the BBC might say, is little different from an annual decision on the level of licence fee, or to a fragmentation of the BBC to more manageable segments. There seems little real argument against those sections of the Corporation which could be self-supporting via advertising being hived off. We might then be left with a BBC which could indeed educate, inform and entertain but without at the same time asking the licence fee payer to sustain its ratings war with ITV and local radio.

## Next steps in the Belize dispute

AFTER A month of political alarms and some well-executed excursions by the Ministry of Defence, something approaching calm has returned to Belize which was being actively threatened by invasion by neighbouring Guatemala. The rapid reinforcement of the garrison in the territory demonstrated that this country has the will and the capability to defend the interests of a small nation in Central America which still relies on Britain for its defence. The show of firmness has been combined with a display of diplomatic flexibility and willingness to come to terms with any legitimate preoccupation of the Guatemalan Government in the issues. Mr. Ted Rowlands, the Minister of State at the Foreign and Commonwealth Office with responsibility for Latin America, has just returned from the Guatemala capital where he dealt with a difficult situation with aplomb. He deserves a word of praise for his efforts during the crisis period.

**Lost cause**  
The immediate crisis provoked by Guatemalan threats of invasion having been overcome, it is now time for all sides to try and work out a fair and realistic long-term solution to the question. It must have dawned on all but a handful of the most extreme nationalists in the Guatemala City that the country's claim to Belize is a totally lost cause in the Western world, the Communist world and the Third world have completely the rights and aspirations of the Belizeans. To-day indicated that they support the efforts of the 130,000 Belizeans to graduate to independence within secure borders. The strength of world opinion was made particularly manifest to the Belize issue would be Guatemala this year, when particularly welcome now, at a time when diplomatic relations have to be found.

**U.S. interest**  
One helpful development of recent times, has been the increasing attention paid by the Carter Administration to the Belizean question. In the past U.S. involvement has not always been happy and Dr. Kissinger in particular appeared to ignore and the Third world have completely the rights and aspirations of the Belizeans. To-day Washington is taking a much more constructive and positive interest in Belize. Action by the U.S. to persuade Guatemala to accept a final settlement of the Belize issue would be particularly welcome now, at a time when diplomatic relations have to be found.

BRITISH AIRWAYS and Air France are looking further afield for opportunities to exploit Concorde, while still enmeshed in the legal tangle surrounding their bid to get landing rights for the aircraft at Kennedy Airport, New York. British Airways in particular is now studying the possibility of extending its Bahrain flights to Singapore, and it may begin a service to the latter destination this autumn, going on to Melbourne, Australia, early next year.

This does not imply any slackening in the fight to win Concorde rights at Kennedy. BA remains convinced that acceptance of Concorde by New York is the key to a large number of other cities world-wide—Tokyo being one of them. Both airlines feel, however, that they are slowly making their case more widely felt in New York, and that it is only a question of time before they win the right to make at least a series of experimental flights into Kennedy, as they have already been allowed to do at Dulles Airport, Washington.

The two airlines are now waiting for Judge Milton Pollack of the New York District Court, to pronounce whether or not the Port of New York Authority has been unfairly discriminatory in banning Concorde from Kennedy. The PNYA's legal right to make such a ban has already been upheld by the Appeals Court (thus reversing an earlier decision by Judge Pollack that such a ban was illegal). But the Appeals Court itself raised doubts on the discrimination issue, and asked Judge Pollack to look at it again. Whatever Judge Pollack now decides (and many believe he will again favour Concorde against the PNYA), the matter is certain to go back to appeal, so that further legal delays are inevitable. Under any circumstances, Concorde flights to Kennedy could now hardly start before the late autumn, and might not even start before early next year.

The recent decisions by both airlines to raise the number of flights to Washington (Air France now flies there daily, while British Airways flies there six times a week) can be seen not only as a bid to get more traffic out of the U.S., but also as a challenge to New York's own position in that market. By its continued objections to Concorde, New York is clearly losing business to Washington, for many of Concorde's passengers are now coming from the interior of the U.S. instead of flying to New York to join subsonic jet services across the Atlantic. Concorde is proving a considerable traffic attraction, in spite of the Europe-U.S. return fare that is 20 per cent. higher than the subsonic return rate. Concorde

has already demolished one of the main planks in the argument against it—that it would not attract passengers at a higher fare.

At the same time, many business organisations and trade unions in the New York area are voicing concern at the continued intransigence of the PNYA, and the two airlines feel the climate of opinion is moving steadily in their favour. The recent conclusion of a new Anglo-U.S. air agreement does not affect Concorde at all. While the U.K. wanted to include new provisions in the agreement that would ensure there could never be a repetition of the U.S. delays in approving Concorde, the U.S. insisted that it could not interfere with airport operators' existing rights to approve or disapprove aircraft if they felt might harm their environment. Thus, the Concorde situation, under the new Bermuda Agreement, stands exactly where it did under the old pact.

Before the New York issue is resolved, however, other developments may influence the aircraft's future. One is the much wider question of landing rights at other U.S. airports. The current 18 months' trial of Concorde at Dulles is due to end on September 24 (after 12 months of data collection and four months' evaluation). Either before that date, or soon after

it, the U.S. Department of Transportation and the Federal Aviation Administration will have to decide whether or not, as a result of the trial, Concorde can go on flying into Dulles, and can also go to other U.S. airports.

With the controversial issue of Federal versus State rights still in doubt, the current view is that the U.S. Government will probably throw the onus for deciding for or against Concorde on to individual airport authorities, saying that they can have the aircraft if they want it.

## Less noise at Dulles

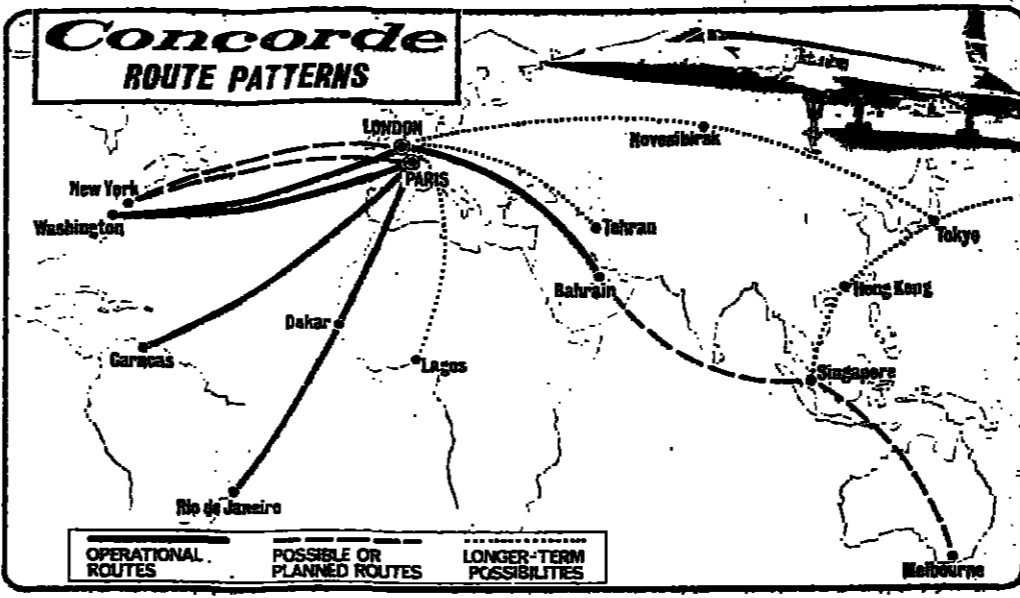
Strengthening this view is the fact that Concorde's noise at Dulles airport has been less than expected, while in recent weeks new scientific reports, including one from the U.S. National Oceanic and Atmospheric Administration, have suggested that earlier claims of ozone damage from Concorde are at best dubious and possibly even baseless. If the U.S. Government does give individual airports the choice on Concorde, some airports would be certain to accept the aircraft—such as Dallas-Fort Worth, Atlanta, Bangor (Maine) and others, although some, such as Los Angeles International, would

probably be as staunchly opposed to it as New York.

Nevertheless, while the airlines believe that opinion is at last veering round in favour of Kennedy, they are still looking for other markets to which to fly. British Airways is particularly anxious to widen its Concorde operations.

One reason for this is the need to recoup the losses the aircraft is incurring on the limited routes now flown. The recent report of British Airways for 1976-77, covering the first full year of Concorde, showed that it lost £8.5m. on operational account. This was due entirely to the fact that there were only four flights a week to Washington in that year, and only one flight a week to Bahrain. As a result, in spite of load factors (the percentage of seats sold) in the 80s and 90s, and with nearly 30,000 passengers carried so far, there is some pressure on the airline to try to cut the Concorde losses, even if it cannot make profits.

BA points out that to break even with a 60 per cent. load factor, each of its five Concorde needs to be flown at a minimum utilisation per aircraft of 71 hours a day. At present, utilisation amounts to little more than an hour a day. The utilisation will go up, now



that the additional Washington flights are being made, and will go up further when the routes to Singapore and then Australia begin. But to make the most significant difference, the second transatlantic crossing to New York will be needed, and even then further routes will probably be required to ensure ultimate profitability.

The airline's other objective is to avoid having aircraft and crews on the ground, other than for normal maintenance and training purposes. To date, the airline has 19 crews trained, with another eight in the pipeline, and the rate of training is geared closely to the available route flying that can be done. The Concorde fleet is costing BA £150m. to buy, with heavy interest rates, and in its present restricted capital situation, it must get maximum return on every penny invested. Concorde grounded, with nowhere to fly, lose money heavily.

There is also the need to generate greater foreign airline interest with a view to finding buyers for the five aircraft still unsold on the production line. Concorde 13 and 14, for example, are nearing completion at Filton and Toulouse respectively, with 14 and 15 entering final assembly, and parts for the last aircraft, No. 16, moving through the machine shops.

## Prospective customers

While it will still be some months before any of these aircraft fly, there is still no sign of firm orders for them. Outstanding letters of intent for two aircraft from Iran, and three from Communist China, have not yet been turned into firm contracts, with no signs that they are likely to be in the near future. Thus, the manufacturers are looking elsewhere, and believe that if only passenger flights can be started to other destinations, prospective customers might emerge.

For all these reasons, new routes are imperative, and BA's own interest in seeking additional outlets for the aircraft is well-understood and supported strongly by the aircraft makers. Various negotiations are in progress for new routes, such as to Tehran and across the Soviet Union to Tokyo. But these are at best desultory, and at worst at a standstill, and the most encouraging opportunities lie in flying to Singapore, as a preliminary step to other Pacific-basin destinations.

The Singapore Government has indicated that it would welcome Concorde, provided the commercial interests of Singapore Airlines itself can be safeguarded. Thus, BA is discussing the possibility of a joint operation with SIA. The Indian

Government's hostility to supersonic flights across India remains, but BA now appears to accept that it could avoid overflying, by making the non-stop Bahrain-Singapore flight in each direction round the southern tip of India and Sri Lanka on sufficient occasions throughout the year to justify starting the service. When difficult weather conditions prevail, for example, in the monsoon, Concorde might have to carry fewer passengers, or at worst make a technical stop in Sri Lanka to refuel. But, on balance, a Bahrain-Singapore operation appears feasible. Some international overflying rights still have to be settled, for example, across Indonesia, but it is hoped that these can be concluded soon.

The importance of this Singapore link cannot be overstressed. Once the aircraft reaches that point, the entire Far East, South-East Asia and Pacific are opened up for it. Apart from flights into Melbourne next year, BA could perhaps also land at Hong Kong in 1978, and then on to Japan, in the latter country, the opening after a long delay of the new airport at Narita, 40 miles outside Tokyo, may considerably ease the environmental objections to Concorde, especially if New York sets the example of letting Concorde in. Even where BA does not have direct operating rights itself, it could no doubt arrange for Concorde operations with other flag airlines.

There are many other possible destinations in the area. Services between Singapore and Manila, Bangkok, and perhaps Seoul in Korea become feasible. It is also possible that, if the U.S. Government in September does give approval for Concorde to fly to other airports, the aircraft could operate across the Pacific via Guam and Hawaii to U.S. West Coast destinations. Services to Anchorage, also become a possibility, as flights between London and the Far East.

These are at present only possibilities, which the airline planners have been looking at. The manufacturers stress, however, that until Concorde is actually flying into the South-East Asia and Pacific area generally, the full extent of the opportunities cannot be gauged. A great deal of enthusiasm was generated for the aircraft last November when it made an extensive demonstration tour of the area, including flying back to London and Paris from Seoul in daylight with only two stops en route at Singapore and Bahrain. What does appear now to be happening is a strengthening of opinion that while the fight to win New York rights must be guarded, thus, BA is discussing the possibility of a joint more expansionist philosophy over Concorde.

## MEN AND MATTERS

### Rough and twisted

Do forgive me when I report that the Irish have been getting their knickers in a twist of late. Or more precisely, their football shorts. It's a complex tale of sporting politics that makes that Kerry Packer saga look quite like cricket.

The Gaelic Athletic Association—the determinedly Irish body that runs the rough, tough, brand of Gaelic football in the South and in Ulster, as well as its hurling variant of hockey—has imposed a six months' ban on County Cork's football team for wearing Adidas shorts. One of the GAA's many rules is that all equipment must be Irish-made. Adidas is a West German manufacturer. Cork's star hurling team has joined the fray, and in support of the footballers is threatening to boycott the all-Ireland semi-finals now only a week away. The resulting hoo-ha is already making front-page headlines in Dublin and the big question is will they, won't they play the game?

The joke is, though, that the GAA, imbroglio is really over nothing. The offending Adidas shorts, it has since transpired, were in fact made in Ireland under licence to the Bavarian manufacturer.

Another epic battle of the small screen is building up around television coverage of the 1980 Winter Olympic Games, due to be held in upstate New York at Lake Placid, a place that is clearly going to do nothing to deserve its name. Lake Placid has already had



"I can't imagine Sir Harold ever saying anything worth eavesdropping on!"

its share of problems, at one point looking as if it might lose the games because the facilities were not up to standard. Now the local organising committee is asking the European Broadcasting Union to pay \$10m. for coverage rights for the winter games.

Chief negotiator for the EBU, and much of the rest of the non-American world, is Sir Charles Curran, a job he is keeping on even after he gives up his post as director-general of the BBC. Curran's reaction so far is to tell the Americans to go away and think again. At that price, they have been told, Europe will not cover the games.

Whatever Britain thinks about winter sports—and as far as ski racing is concerned it does not think very much—there is a great deal of interest in continental Europe. The Swiss and Austrians put their winter effort into watching ski races rather than soccer matches. Lake Placid knows

this well enough. It also knows that if the villagers in the Tyrol cannot see their local champions winning medals Austrian TV will have to face some very nasty questioning.

At the root of it all is Lake Placid's cash shortage and an awareness that neither the local voters nor Washington, learning lessons from Montreal last year, are likely to take kindly to calls for financial support. Normally host cities provide TV companies with considerable local facilities free. Now Placid is asking that these too be paid for.

### Roll up

Lake Placid's reluctance to reach for its collective wallet is an understandable example of public poverty. Still in New York State, the drive for private affluence among medical men has got a boost from the State's board of regents which regulates the activities of all professions.

The board has voted unanimously to allow physicians, dentists and other professionals to advertise their services and other prices in newspapers and magazines. TV and radio advertising would be permitted as well, but there must be no mention of prices over the air waves.

The last point will no doubt be welcome to some medics who might fear that widespread dissemination of what they charge their lucky clients might actually frighten customers off.

The relaxation in the proposed advertising rules follows a supreme court decision in June which held that restrictions on advertising by lawyers violated the freedom of speech guarantees of the first amendment to the U.S. constitution.

### The new New York guidelines

will take effect on October 1. One of the regents described the decision as a "happy medium" between unlimited advertising and the current law, which he hoped it would allow "factually accurate and dignified" advertising. Whether doctors in particular will take advantage of their new freedom remains to be seen. The State medical society's ethics committee has rules which are probably in conflict with the regents' ruling. The committee has yet to decide how to respond to the advertising decision beyond hoping the vast majority of doctors will follow voluntarily the old rules.

### Opportunities knock

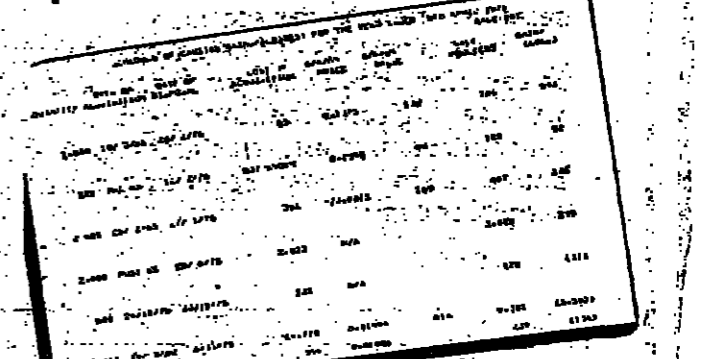
Turning to British advertisements, do I detect the start of a veritable season of beguiling job opportunities? A salary of \$25,000 tax free plus bonus, free accommodation and other carrots sounds promising, but the ad in a Sunday paper for an advertising manager was surely stretching a point when it used the most overworked word in the language and said: "This is a green fields situation." Unlikely. The post is in Kuwait.

Then there is the Newcastle firm of solicitors which is looking for an energetic and efficient secretary, declaring wisely: "Some matrimonial experience would be an advantage, but intelligence is of greater importance."

Observer

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# FINANCIAL TIMES SURVEY

Monday August 1 1977

# EGYPT

After twenty-five years as a republic, Egypt is still hard pressed by economic and political problems. They have been accelerated by the changeover from the centralism of Nasser's rule to the greater liberality of government under Sadat, and aggravated by the continuing uncertainties of the Middle East conflict.

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thony McDermott

**FIVE** years ago Abdel Nasser staged a high overthrown Egypt's y and which has been as being archetypal such operations in the history of the post- era. But the revolution er and his successor, it Sadat, failed to live s expectations. For an n, it is not necessary to rther than Cairo, the It has become a living ent of Egypt's prob- ne quarter of the whole far beyond the original of the city. People he pavements and are l into overworked pub- sport. The telephones ith haphazard ineff- The inequalities are Ageing locally-made nte for the first line lights with brand new A woman wrapped in mifaya with two child- ith lap begs in a street ith smart boutiques. d glass hotels are in the crammed slums of That Cairenes put up and discomfort and incon- ry humour and patience ities that apply to the of Egypt's inhabit-

ants, most of whom live in the countryside. Occasionally, this tolerance snaps, as it did at the end of King Farouk's reign, and turns into vicious rioting. On January 18 and 19 this year, after the abrupt announcement of the removal of subsidies from a wide range of basic commodities, there were the worst riots for 25 years in Cairo and 11 other cities and towns. For the first time, the army was called in and a curfew imposed. President Sadat unequivocally put the blame on a Left-wing conspiracy. Whether the Left was involved or not, the riots were much more an outright warning by the Egyptian people that they felt the Government had become out of touch with the needs of the ordinary public and had lost its sense of direction.

President Sadat, whose mandate for a second six-year term was endorsed by 99.93 per cent of Egypt's voters last September, took the riots personally. He has some cause and justification, first because in comparison with the Nasser era, Egypt is a far more liberal place, shaped by his October Paper. This document, issued in April, 1974, grandly maps out the more liberal shape of Egypt's "modern state and society"—in economic, political and social terms—to the end of the 20th century. Second, President Sadat, through the crossing of the Suez Canal at the beginning of the 1973 War and through the two, Sinai dis-

engagement agreements of 1974 and 1975, has demonstrated that Israel is not invincible militarily and can be forced to cede some occupied territories through diplomatic pressure.

**Limited**

Inevitably, because resources are limited, President Sadat has had to be selective in the allocation of freedom both politically and economically. Thus last November he permitted the formation of three parties—the left, right and centre—but they do not accurately reflect the main political trends within the country. In addition, the visible pressure on the Left, particularly since the January riots and moves to reinstate Islamic law may very well have given tacit encouragement to extreme religious groups like Gama'at al-Takfir wa'l-Hijra, responsible earlier this month for the kidnapping and killing of a former Minister of Religious Endowments, and for a series of bomb explosions. This must also cause some concern to the Coptic community.

Similarly, the economic "open-door" policy, reversing the centralism of the government of Nasser by encouraging the private sector and foreign investment, has so far tended to make fortunes for a few Egyptians (and some foreigners), but life very much more expensive for the majority of the population. In addition, under the burden of massive defence expenditure, from the 1973 war with Israel, The first was the turning away

some ill-judged management of loans and credits, Egypt has become deeply dependent on others—particularly Saudi Arabia for the next five years—to buy its arms, to plan and order its economy and to clear its debts.

Egypt is further hampered by its chronic population problem. There are signs that, after years of gradual decline, the growth rate may be rising. This would make even more difficult the Government's burden of providing the broad range of social services which oil-rich countries such as Kuwait or Libya can provide.

President Sadat is caught, too, by his country's pan-Arab commitment. Four wars with Israel have been a serious drain on both men and resources. Nevertheless, no matter how badly Egypt might want to turn inwards to concentrate on its internal development, it cannot in the end, ignore its Arab responsibilities. This dilemma, often overlooked, is no more clearly demonstrated than by the fact that Egypt is turning increasingly to the West for arms in order to build up a credible war option, while bidding for western assistance to expand the successfully reopened canal and Suez Canal region, which have suffered in every war with Israel.

In foreign policy President Sadat has made two decisive shifts, both of which stem from the 1973 war with Israel. The first was the turning away

from the Soviet Union and their policies. In the progress towards Geneva, thus, the visit of Mr. Begin, Israel's Prime Minister, to Washington has become increasingly crucial. For although the possibilities of Israeli concessions in Sinai or on the Golan Heights are tempting, Israel's current views on the future of the West Bank and east Jerusalem may well be too hardline for Egypt to accept.

**Refusal**

Furthermore, there are other problems which could complicate the holding of the Geneva conference. One is the question of Palestinian participation, for the terms which the Palestinians might insist on could easily lead to an Israeli refusal to attend. The second is Egypt's relations with the Soviet Union, a co-chairman, with the U.S., of the conference. These continue to be such as to defy a rapprochement to the point that the prospects for any conference could be harmed. And in the end there is the fundamental question about what could possibly be achieved at a Geneva conference, which could be put forward to suggest that President Sadat's Middle East strategy is paying off.

This picture has been confused, too, by the sudden war with Libya in the Western Desert in the middle of this year when many had begun to number his days. Second, he has been able, through the expulsion of the Soviet military advisers in 1972 and, of course,

a union in 1973 on the latter's all-or-nothing terms. The differences in general policies found, and in propaganda terms—with Sadat portrayed as an effete devotee of the Americans and Khedafi as a dangerous madman and puppet of the Russians—increasingly shrill. Last summer Egypt increased the number of its troops on the border as a precaution. Nevertheless the outbreak of fighting was unexpected and reflected a mixture of motives on Egypt's side—from a genuine desire to teach Khedafi a lesson, to strike at a close Soviet ally and to create a diversion from domestic problems. Whatever the motives, the fighting caused concern in the Arab world that two countries should have come to blows when there was a need for closer co-operation in Arab policy towards Israel.

It is clear that lack of success at Geneva could not by itself make his political position vulnerable. But domestic criticism has been rising, and critics would use a foreign policy failure in this crucial area as more evidence of unsatisfactory government. However, various factors have to be recalled when judging the stability of an Egyptian government. President Sadat showed in 1971 and during the ensuing and debilitating period of "no peace and no war" an uncanny ability to survive when many had begun to number his days. Second, he has been able, through the expulsion of the Soviet military advisers in 1972 and, of course,

the conduct of the war with Israel the following year, to pull off coups which have more than restored his diminishing popularity. Above all, the last 25 years of Egypt's history have been basically stable. The changeover of power from Nasser to Sadat after the former's unexpected death was constitutional (Sadat was Vice-President at the time) and smooth. The following year President Sadat was strong enough to sustain a serious challenge to his power from the Left, led by Mr. Ali Sabri.

But there is to-day more talk and rumour about alternatives to President Sadat than ever before. The January riots were significant for the level of popular resentment of the Government that they revealed. It has not been lost on observers that the Army, having been drawn in unwillingly, behaved with impressive discipline. In short, they played a crucial role in restoring order. Internationally, President Sadat retains the crucial support of both the U.S. and Saudi Arabia, but what he needs most of all is two or three years to prove that, by 1980, as he frequently says, many of Egypt's fundamental problems will have been solved. Whether that medium-term strategy will get a fair chance to work depends greatly on what happens in the next six months.

**BASIC STATISTICS**

Area	386,900 sq. miles
Population (1976)	37.2m.
GNP	£E2,949m.
Trade (1976)	
Imports	£E1,480m.
Exports	£E628m.
Imports from U.K.	£172m.
Exports to U.K.	£65.2m.
Currency:	
Egyptian pound	£1=£E0.66
Tourist rate	£1=£E1.18

# Investing in Egypt

## A new open door policy

As part of Egypt's forward-looking programme to re-vitalise her economy the People's Assembly has approved a number of amendments to the country's investment laws.

These amendments, covering exchange rates, taxation, customs duties and the repatriation of profits, make Egypt's current investment climate one in which overseas

### Industry

In the past the Egyptian economy has been heavily orientated towards agriculture. Today the emphasis has shifted to include industrial development. With a substantial industrial export trade already under way, over one million of the country's workforce are employed in industrial activities.

Thus investment from overseas is encouraged in metallurgical concerns, the engineering and electronic industries, textiles, chemicals, building materials, foodstuffs, mining and petrochemical industries

investors will see their projects come to fruition more smoothly than ever before.

During the next four years, projected schemes will be undertaken to build up the country's involvement in agriculture, textiles, housing, transportation, engineering, mining, finance and food stuffs to the benefit of both Egypt and foreign investors alike.

### Tourism

Egypt was a great civilisation with a centralised government over 3,000 years before the birth of Christ.

Nowadays the fertile banks of the Nile steeped in the ancient history of the Pharaohs' land attract thousands of tourists each year. For those who look for the sun in winter, and who have an interest in history and archaeology, Egypt is an ideal place.

Foreign investment is invited to improve facilities for tourists through the construction of hotels, tourist cities and villages, camping centres, floating hotels, ferries and other amenities.

### Financial institutions

Beyond the investment potential of agriculture, industry and tourism, Egypt's new policy opens the door for the establishment of a variety of institutions to provide adequate financing for any accepted investment project.

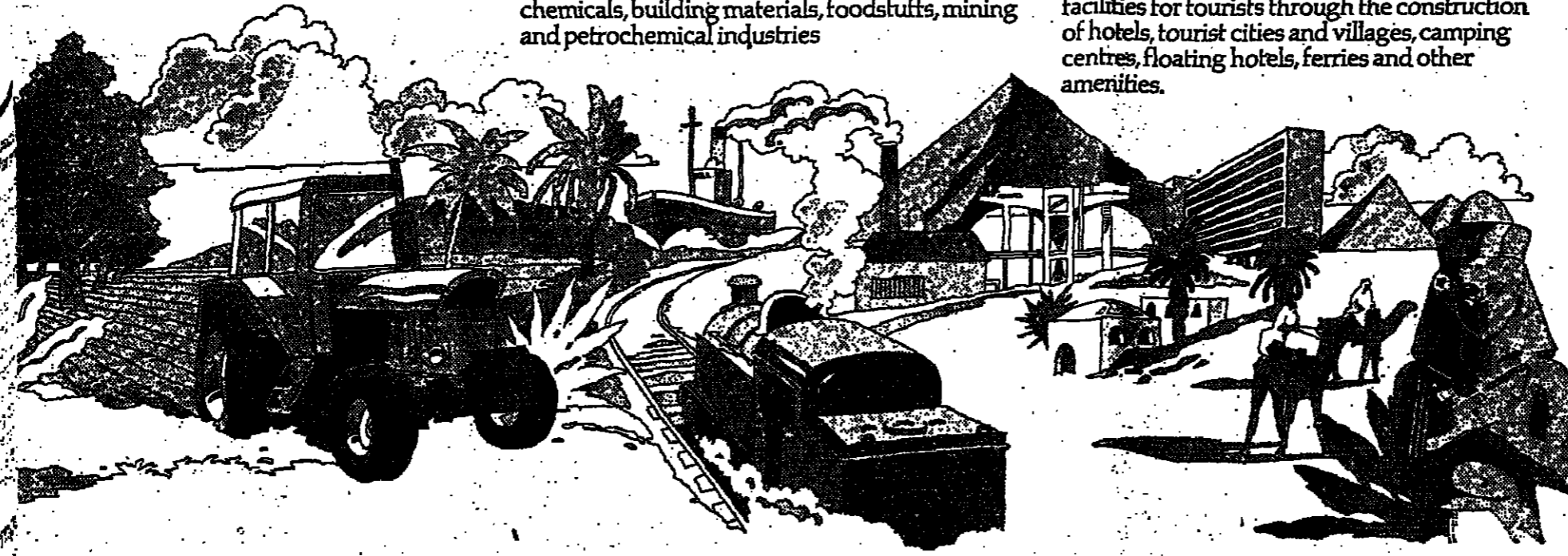
Opportunities now exist for investment companies, investment banks, merchant banks, and reinsurance companies to open branch offices in Egypt or to establish institutions constituted in Egypt.

### The progress so far

Already Egypt's investment programme is far advanced.

This table shows the scope and involvement of foreign investors whose projects are currently under way. It is an indication of the way in which, in partnership with overseas industrialists, Egypt is committed to a comprehensive programme of economic growth.

Activity	Number of Investment Projects	Total Investment (Figures quoted in £ millions)	Egyptian Investment	Foreign Investment	Employed Nationals at 31/12/76
Textile Industry	28	31.7	11.7	20.0	3131
Food Stuffs	18	20.1	8.8	11.3	1683
Metallurgical	25	16.9	7.3	9.6	9654
Engineering	13	12.5	3.8	8.7	1102
Mining	4	2.3	0.5	1.8	423
Ceramics	13	33.6	21.7	11.9	1358
Chemicals	85	63.1	19.7	43.4	9432
Pharmaceuticals & Medical Equipment	3	1.1	0.1	1.0	136
Animal Production	14	25.3	13.6	11.6	2093
Housing	14	91.9	39.7	52.2	—
Contracting	16	8.7	3.7	5.0	14948
Transportation	8	22.8	1.4	21.4	704
Investment Companies	13	136.0	22.0	114.0	—
Banking	23	69.8	14.3	55.6	—
Tourism	62	182.1	72.6	109.5	18743
Health & Hospitals	6	17.5	1.9	15.6	2668
<b>Total</b>	<b>343</b>	<b>735.3</b>	<b>242.7</b>	<b>492.6</b>	<b>66041</b>



For further information contact:  
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THE ECONOMY

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Total Investments:	L.E.	21,496,372

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**AUSTRIAN AIRLINES - THE WEST-EAST CONNECTION**

SINCE EGYPT became a republic 25 years ago, its economy has experienced broadly the effects of two opposing philosophies. Under Nasser, whom President Sadat succeeded in 1970, the massive public sector was set up. But since 1973, Sadat has tried to reverse this through his "infat" (open-door) policy which aims in the long term at reducing the size of the public sector, and encouraging the private sector and foreign investment.

Egypt is in short moving towards a mixed economy. But so far it has been a damaging experience, for in the last few years Egypt has been hampered by being unable to break the circle of paying off short-term debts at the expense of longer-term productive investment.

This year, in May, Egypt was given a chance by its main creditors (outside the East Bloc) to clear short-term debts and to initiate some serious reforms. Economists generally hold the view that Egypt's economy will continue the improvement of 1976 but that next year will provide the test as to whether there could be lasting improvement. Just as much as massive amounts of aid, Egypt needs time (and peace in the East) to prove that "infat" is a viable policy and not an interim and socially-divisive experiment which has done little to benefit the ordinary Egyptian.

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### Disastrous

One effect of the new policy has been to speed up the growth rate of Gross Domestic Product. Between 1967 and 1973, it rose by an annual rate of 3.5 per cent. This fell to 2.6 per cent in 1973, but accelerated to just short of 10 per cent in 1975. It levelled off to an estimated level of 6.5 per cent last year, and the hope for this year is a figure in the region of 7 per cent.

But this has been achieved at an almost disastrous cost. During 1975 Egypt received loans and aid on unprecedented scale, but simultaneously incurred short-term repayment problems which threatened to absorb, in settling food bills and interest obligations, all loans for long-term development.

Dr. Abdel-Moneim el-Kaissouny, Egypt's Deputy Prime Minister for Economic and Financial Affairs, has in a series of statements this year been admirably open about the horrific state into which Egypt had placed itself. At the beginning of 1977, Egypt's debts fell into four main categories, and totalled \$4.8bn. (\$12.2bn.).

1. Short term loans of \$2.3bn. (\$6.2bn.) for six months to one year comprising bank facilities and supplier credits, repayable at interest rates between 15 and 18 per cent.
2. Arab deposits, totalling \$1.1bn. (\$2.5bn.), with the Central Bank in theory on demand at any time, mainly from Saudi Arabia and Kuwait.
3. Long term loans, totalling \$1.5bn. (\$3.4bn.), in instalments over periods between 20 and 40 years, at rates of interest ranging between three quarters and three per cent, from international and Arab organisations such as the IBRD and IDA. It has received loans worth \$270m. Repayment for the former is over 25 years after a five years' grace period at 8 per cent interest. The latter, which bears a 1 per cent service charge, it is to be repaid over 40-50 years after ten years' grace. Next year the World Bank is to raise its loan ceiling to \$300m.
4. Debts to the East Bloc, mainly military, totalling \$1.1bn. (\$4.2bn.), most of which were owed to the Soviet Union. The military debts have still to be negotiated, but the civil debts are paid off gradually by unrequited exports from Egypt, whose level has been raised this year to \$E100m.

According to Dr. Kaissouny, in had Egypt been in a position to pay off its debts fully, it to debt servicing would have taken 90 per cent of its exports last year. According to the computer model used for the Five-Year Plan, with repayments beginning in 1977, this ratio of 95 and per cent this year falls to 41 per cent next year and 27 per cent in 1978. With repayments beginning in 1982, the burden balance in current transactions, showed an improvement with the deficit of \$E347.3m. in 1975 falling to \$E163.1m. in 1976. Egypt obtained its chance to break free of this crippling debt short-term indebtedness at a meeting of the Consultative Group for the Arab Republic and 1980 would average \$2.5bn.

a year, but would be reduced to \$1.15bn. by loans. This would involve the need for \$2.5bn. in aid and loans a year to cover the net annual deficit up to 1980 (and exceed the \$2bn. ceiling for annual external commitments agreed with the IMF). Furthermore, in relation to the five-year plan, Egypt's foreign exchange requirements between 1977 and 1980 at \$12.1bn. which include a current account deficit (at current prices) of \$7.1bn., the amortisation of long and medium term loans of \$2.9bn., the reduction of short term debts (all in 1977) of \$0.7bn., and one year deposits of \$1.9bn.

### Concomitant

One concomitant of opening the economy to the West and running into repayments problems is that management of Egypt's economy has fallen increasingly under the scrutiny of others, notably the IMF and the Consultative Group. There seems to be, however, a distinct gap between what the IMF demands and what Egypt can deliver economically or politically. The question of subsidies is a point which has had extensive repercussions. The removal of these from key commodities in January at the behest of the IMF led directly to the worst riots since King Farouk's days. In April an agreement between the IMF and Egypt was approved, in return for which Egypt received a loan for five years of \$150m. and of \$44.4m. from the IMF Trust Fund.

Egypt agreed to limit its budget deficit to \$E400m. in 1977 compared to \$E420m. in 1976. But this has proved almost impossible because of another request for the removal of certain commodities from the artificially high official exchange rate to the more realistic but expensive parallel rate. At the beginning of this month, Mr. Mahmoud Salaheddin Hamed, the Finance Minister, told the People's Assembly the budgetary deficit would be \$E300m. as a result of Government departments exceeding their allocations. An attempt to raise pharmaceutical products by 30 per cent in June was met with public complaints and the opposition from the Assembly which said that the government itself would have to find the funds to cover the price rise they were trying to pass on to the public. The government intends nevertheless to reduce

encouragement towards foreign investment inland and in the free zones (divided between Alexandria, at Nasser City near Cairo, and in Port Said and near Suez; private free zones are to be set up anywhere from a single office to a factory site provided the regulations are complied with). The first law No. 65 of September, 1971 offered tax exemptions, and established the principles for joint ventures, and also established the General Authority for Arab and Foreign Investment and Free Zones (Gafafiz).

It was however too general in the scope for example of its provisions for the repatriation of profits. It was replaced in 1974 by law 43, a fuller and more precise piece of legislation with a firm guarantee against nationalisation. By next month a more satisfying version, Law 32 of 1977 amending law 43, will have received its implementing regulations. Potential investors see this as being particularly encouraging because of the regulations affecting the import and export of capital at the same and more realistic parallel rate; the extension of tax holidays and the guarantee for investors. The Gafafiz has become a more dynamic organisation, first under the Planning Minister, Dr. Abdel-Razzak Abdel-Meguid, and now Dr. Gamal al-Nasser. In the two-and-a-half years since law 43 was passed, 605 projects had been approved worth \$3bn., of which the foreign currency element was two-thirds.

### Capital

But according to the authorities' first report at the end of last year only 66 projects with a total capital of \$E36m. were in operation, employing 3,460 people. So far there have been few productive projects clearly benefiting the economy of Egypt, although some large operations involving Fords (freed from the boycott) and a major textile plant at Ameriya could alter this picture, and encourage other major companies.

A symptomatic example is the demand by the IMF that a unit to monitor debts should be set up in the Central Bank; Dr. Kaissouny admitted in an interview that there would be no less, of employment which could be generated would amount to no less than \$20,000. The suspicious others in the Ministries of Finance and Economy.

Another exercise which has been much questioned is the vestors, to their own rather

## ECONOMIC STRATEGY

# Open door to recovery

FOR THREE years now Egypt has been going through unprecedented economic changes. Under its open door (infat) policy the Sadat Government has sought to create a new structure. The State capitalism of the Nasser years still heavily dominates the economy but the Government has expanded the local private sector.

In the days when Egypt depended on the Soviet Union for economic and financial assistance, the eastern bloc was unable to supply enough capital for the industrialisation and growth which were clearly necessary to meet the demands of the rapidly increasing population. President Sadat's move to the west, although politically motivated, was a means of finding the money to pay for growth.

When Mr. Sadat came to power in 1970 the Egyptian economy was a vast centralised machine, inefficient, bureaucratic and stagnating. In his early years in power the President was largely occupied with political problems at home. Not until after the 1973 war was the "October paper" expounding his political, economic and social philosophy presented to the people in a plebiscite. The Egyptians were enthusiastic at the prospect of the economic liberalisation of the open door policy.

Three key changes took place after the October War. An investment law was passed to encourage foreign companies to set up joint ventures in Egypt. Western oil companies in great numbers were invited to bid for concessions to explore for petroleum. Banking laws were amended to smooth the path for foreign banks who were starting to appear in Cairo, the first foreign companies to take advantage of the new climate. But while oil companies and banks arrived there was no flood of foreign manufacturing companies. There had been inadequate legal and structural preparations.

In efforts to create a better financial climate for foreign companies, Egypt's foreign exchange regulations were gradu-

ally eased. In 1974 a parallel market of exchange was set up to increase the availability of foreign currency, although more expensively. This brought in hard currency, especially through tourism, but did not overcome the acute lack of foreign exchange. Changes like this did not get to the heart of the matter. Foreign companies were still obliged to import money at the official rate but repatriate it at the parallel rate, which devalued their investment.

### Shortage

The shortage of hard currency dominated Government policy. Foreign investment approvals were made with too much stress on their potential export earnings—at the expense of valuable import-substitution industries. A policy of reducing trade with soft currency countries was accelerated. Between 1974 and 1977 15 payments agreements were made so that bilateral trade with these countries would be in hard currency. A farming policy was adjusted to stress export cash crops. Last year 1.1m. acres were allotted to cotton, its highest ever level, while farmers were encouraged to grow fruits and vegetables.

Egypt was so short of cash last year that stocks of intermediate goods dropped and capital investment actually decreased by one-fifth over 1975. At the same time pressure was being put on Egypt by the chief aid donors, Saudi Arabia, Kuwait and the United States to introduce a policy package recommended by the International Monetary Fund. A meeting of creditor nations sponsored by the World Bank was postponed more than once as Egypt delayed economic reforms.

Crucial among the IMF recommendations was the demand that subsidies to consumer goods be cut. In 1978, Egypt spent more than \$E600m. on keeping down prices of a whole range of basic items. The subsidies, which had increased with world prices since 1973,

were considered one of the prime reasons for Egypt's current account deficit. In January the Government introduced a budget cutting subsidies by half.

The measures led to riots against the price rises, and the Government was obliged, in the words of President Sadat "to find some other means of cutting expenditure." Ironically the riots triggered a series of moves which pushed the economic reforms onward.

The IMF was shocked by the results of the subsidy cuts and was blamed in some quarters for having forced Egypt into such action. Then the fund decided Egypt was a special case and granted a long awaited stand-by credit in April 1977. This was the clean bill of health creditor nations had been waiting for.

The World Bank-sponsored consultative group of some two dozen nations and institutions met in Paris in May to discuss the economic situation with the Egyptian Government. The Arab states agreed to postpone for five years their calls on annual deposits of \$2bn. Creditors seemed satisfied with fresh undertakings of economic reform by the Egyptians.

The latest measures included some long-postponed changes. The idea behind them was to cut consumption and therefore current spending by exposing the public to more realistic prices. The Government agreed to proceed with plans to cut subsidies, but is adopting a gradual approach. This year subsidies are budgeted at \$E380m. By 1980 it is intended that all but bread subsidies will have been phased out.

The transfer of trade to the parallel market was accelerated. In 1975 and 1976 selected items were transferred from official import to the more expensive rate (for Egypt). In June this year another large chunk of the foreign trade moved to the parallel market. The only goods exported at the official exchange rate are cotton, rice, petroleum and its products. Only change made in Law No. 1977 amending the Investment Law is discussed elsewhere.

### Raised

The first test came in when a number of principal agricultural products were 30 per cent in price. This meant to pass on to the consumer the 70 per cent price rise in chemicals now imported at the parallel rate. Parliament resisted the rises strongly to fight the measures through Parliament on a case by case basis during the year.

But to shield the temporarily from the price effects a price adjustment fund has been set up. Companies can apply for a second half of this year's order to keep retail down.

Another change is that the government will be made with the currency evaluated at the parallel rate. This crucial change made in Law No. 1977 amending the Investment Law is discussed elsewhere.

CONTINUED ON NEXT PAGE



# The President holds the reins

EGYPT IS in a political limbo. The People's Assembly is a parliament of appearances not substance. The three parties of Centre, Left and Right—the Egyptian Arab Socialist Party, the National Progressive Union Party and the Free Socialist Party—created last November by President Sadat fail to reflect the major political trends in the country. The Press has been so neutralised that it has become an ineffective tool for the President. The Government often appears to lack seriousness. There is a dearth of politically acceptable men of high calibre for key jobs. Economic problems prevent the President from achieving his domestic goals, especially his wish to give more political freedom.

The riots of January 18 and 19 were symptoms of a Government which had lost its way. They were the worst disturbances since 1952. Their occurrence and aftermath probably constitute the President's most serious problem since he succeeded Nasser in 1970. They might have been avoided had not new economic policy been crudely applied without concern for its political consequences. They illustrated that Egyptians are so poor that they can bear no more hardship. If Mr. Sadat is to impose economic reforms as he wants, rigid control over popular reaction may be necessary.

Reaction to the riots and subsequent events exposed the weaknesses of President Sadat and his Government. A crucial factor was that the Army was used to restore order in 12 cities, and then only after the Government had reversed its decision to halve subsidies. The Army behaved with exemplary discipline, firing no shots and this leaves Mr. Sadat publicly in debt to the military. In addition, the climb-down on prices indirectly involved the Army in political decision-making, something the President had been anxious to avoid.

Mr. Sadat's personal shock and uncertainty was such that he had nothing to say about the riots for 12 days. During this time he consulted privately with former friends and men whose counsel he had long since abandoned. Against advice, he

launched an unconvincing campaign blaming the events on communist plotters. Weeks of clumsy overreaction followed. The President got the worst of a televised debate with Nasserite-leaning students and publicly lost his temper. Dr. Gamal Oteifi, Minister of Information, was sacked.

In the days after the riots up to 2,000 people were detained accused of complicity in the rioting. Contradictory statements and accusations were buried across the media as the public prosecutor faced the difficult task of setting up trials to prove the plot theory. Six months later no evidence has reached the Courts of a Communist conspiracy. The President continued to hammer away at the Left-wing. In speeches, showing his visceral dislike of the Left.

## Repressive

President Sadat then issued the most repressive decree of his career—law number 2 of 1977 which called for life imprisonment with hard labour for a host of offences ranging from forming parties to demonstrating and striking. Side-stepping the recently elected parliament, he ordered a plebiscite to confirm the measures. His credibility was strained when the government-owned press published results showing that 96.69 per cent of the 9m. or so voters had participated in the plebiscite, and that 92.42 per cent of these favoured the measures. Some what contradictorily, but not unconstitutionally, the People's Assembly later reduced the penalties when it drafted the Parties Law of June 1977.

The plebiscite suggested parallels with Gamal Abdel Nasser's style and so much upset one MP, Mr. Kamal Eddin Hussein, who was once dismissed by Nasser from his post as a Vice-President, that he sent Mr. Sadat an open telegram calling the results "an insult to the intelligence of the Egyptian people." At this, the frailty of Egypt's democratic representation was shown. The People's Assembly expelled the former Vice-President on the grounds that his behaviour was insulting.

Sensitivities after the riots were such that shortsighted decisions were made which made Egypt appear somewhat less than a constitutional nation. A court accepted the legality of Hussein's plan to stand again in his constituency by-election. The State appealed against the decision and a little-known body called the constitutional court was resuscitated to quash the decision. In the tense period after the riots one foreign journalist was taken from his hotel room at gunpoint in the middle of the night and put on a plane out of Egypt. A Government spokesman later indicated that the expulsion had been triggered by his writing disrespectfully of the President and the First Lady. His majesty was cited.

By now major flaws in the structure, style and attitude of the internal political machine became discernible. For years the President had avoided having men around him who might become rivals for power. Advisers unafraid to criticise were replaced by yes-men. Cabinets had been shuffled so frequently that key posts were filled by individuals whose loyalty was unquestioned but whose ability was in doubt. The best men had been used up, as it were, and the lower quality of expertise showed through in most institutions at top level. Mediocrity, some claim, had become the hallmark of the Egyptian administration.

A "circle" had developed around the President. In speeches the President projected the image of the head of the family. He showed himself increasingly sensitive to personal criticism. Surrounded by obedient servants the Presidency in Abdin Palace appeared out of touch. It had become increasingly hard to avoid sensing a tolerance of corruption. This in turn was reflected at lower levels. The jailing of a governor of Cairo in June after a scandal over the use of funds scarcely created a murmur of comment.

But the President was genuinely trying to broaden the base of government. His vision of pluralistic democracy was daring and imaginative. His problem is that he has to super-impose democracy from above.

In order to channel it in the direction he wants, President Sadat is being forced to intervene, in a way which devalues the experiment.

The President wanted to have parties because he had long ago recognised that the Arab Socialist Union ceased to be an accurate political barometer. He hoped that with the 1976 parliamentary elections, which were Egypt's freest ever, he would get himself an Assembly which would be active as a gauge of moods, but still controllable. The Centre group of Prime Minister Mamdouh Salem was so closely identified with the presidency and marshalled such superior resources that it won easily. The Centre group became the ruling government party controlling all but one-sixth of the Parliament.

## Trends

But neither the Centrists, nor the small Right-wing party of Mustafa Kamal Mourad, nor the even smaller Left-wing party of Khaled Mohieddin, one of Nasser's revolutionaries, reflected distinct political trends in the country. These key groups are the Muslim Brotherhood, Communists, trade unionists, the Nasserites and the pre-revolutionary Wafdists, who were only represented among 48 people originally elected on independent tickets. The number of independent seats dropped early in the session when several joined the Centre Party.

Still searching for the formula to create more democratic representation, the President pushed through a Parties Law in June. Provisions of this law would permit the establishment of a fourth party during the life of the current Parliament and multiple parties after 1980. But the President soon showed concern that party pluralism might get out of control.

Earlier this month, an extremist religious Moslem group, Gama'at al-Takfir wa'l-Hijra, claimed responsibility for the kidnapping and murder of Sheikh Hassan Zahabi, a former Minister of Religious Endowments and for some bomb explosions in Cairo. These develop-

ments indicate the risks of forming itself into a party in defiance of the law and the President. The Ikhwan al-Muslimin, the banned extremist Muslim Brotherhood, has since last year been producing its own magazine, al Da'wa, obviously with the tacit approval of the President. Surely they would follow suit.

Even an incipient labour movement seems to be developing among the one million or so factory workers in the flush of a very free election in the trade unions last year.

This is why he publicly barred the Wafd party from reconstituting. This party, which won independence from British occupation and represented a pure Egyptian party in opposition to King Farouk, retains a strong following inside and outside the People's Assembly. The old Pashas, who the revolution of 1952 set out to destroy, retain much of their traditional following in the villages and attract support from the urban nouveau riche who have grown up in the last four years. This already influential new bourgeoisie could further its interests, still more with a party.

If one party, like the Wafd, with a suitable name and stated objective, were to constitute itself, immense pressure would develop for others to follow. Even last year a movement called the vanguard of the Nasserites was considering publicly

several months that may well prove to be the toughest of his career in power. His foreign policy strategy is based for this year on the reconvening of the Geneva peace conference on the Middle East, which met once before briefly in December, 1973. President Sadat needs, almost at any cost, a conference which can be presented as a sign that diplomatic progress is being made. Mr. Sadat has few illusions that the meeting itself can produce dramatic results. As he said in an interview with British Independent Television in June: "In 1974 we must at least begin drawing up a framework for an overall solution to the problem. This depends on Israel's attitude towards the Geneva Middle East Conference. I believe we can take our decision in the year 1978."

On the other hand, a failure to get a Geneva conference convened or an unsuccessful conference could jeopardise Mr. Sadat's domestic position and undermine the reason for his turning away from the Soviet Union and close alliance with the United States.

Egypt's relations with the superpowers is complicated. President Sadat's dislike of Moscow seems at times instinctive and emotional. The landmarks of the decline in relations are well known: the dismissal in 1972 of the military advisers, and the termination in March last year of the 15-year treaty of friendship and co-operation before it was even five years old. His main current complaints have been that the Soviet Union refuses to reschedule mainly military debts worth about \$4bn., and that it has withheld arms supplies and even prevented third countries such as India from supplying spares.

In June, Mr. Ismail Fahmi, the Foreign Minister, went to Moscow for talks with his counterpart, Mr. Gromyko—to start the process of rapprochement. But since then President Sadat has said publicly that he did not want left-wing politicians in positions of responsibility and that they must be Egyptian, not Soviet, in their loyalties. He praised China for sending military spare parts. The Information Ministry took the excuse of an erroneous report by the semi-official Middle East News Agency from Beirute that President Brezhnev would visit Cairo before the end of the year to state gratuitously that "no progress" had been made in relations between Moscow and Cairo. Unlike President Assad of Syria, Mr. Sadat cannot speak to the U.S. and the Soviet Union, with whom basically there is no disagreement on the shape of a final settlement, and he needs both as co-chairman of the Geneva conference.

By contrast, Egypt's relations with the U.S. since the 1973 war have become increasingly close. Mr. Sadat visited the country in

lary sensitive about the Press. In few speeches does he fail to remind journalists of their function as part of the establishment. Periodically he lashes out against irresponsible journalists almost in the same breath as attacking communism, atheism and the Soviet Union.

Yet the Egyptian Press almost three years ago passed its equivalent of the "Prague Spring". All the papers and magazines now follow the President's every word and action. When new magazines appear they are more than dutiful in their coverage of matters presidential.

One new magazine is serialising the President's memoirs at length. The latest newspaper called Misr is the weekly organ of the Centre Party. In general, standards of Press reporting are low, editorials are facile, and circulations are dropping. Following the riots the provocative Rasse al-Youssef magazine was tamed by the sacking of its editor. The Marxist monthly al-Talia received even more severe treatment despite its limited following in Egypt. Overnight it became a magazine of science and household management.

President Sadat's personal outlook on politics is clearly indicated by the frequency of his attacks on the Left-wing.

Speeches warn that the Left Party must be Egyptian not a Soviet left. This fits his genuine personal dislike of Soviet Communism and Mo which he attacks loudly frequently. His gut-fé against Communism is or his least pragmatic point only because he needs Russians for a Geneva conference but he has been unable to offer his army real alternative arms support. The obsessive search for a leftist plot behind the shows how gut-reaction affect political judgment. In a career chequered with crises but punctuated by triumphs, some of Mr. S worst moments were link events outside his control—like the January 1977 protests a "no peace, no war," led to his two great decisions, the expulsion of Russian military advisers the launching of the O 1973 War. Both acts were essential gambles. His inspiration since January 1977 has been his own. In Mr. Sadat has regained his footing but it is hard what course he has left off, particularly if a peace conference is used.

## FOREIGN AFFAIRS

# Negotiation is the hope of the future

EGYPT IS passing through an exceptional phase in which its domination of events in the Arab world has been reduced. This came about partly by year on the reconvening of the design. After the successful crossing of the Suez Canal at the beginning of the 1973 war with Israel, and the negotiation through Dr. Kissinger, then U.S. Secretary of State, of two Sinai agreements in 1974 and 1975, there was a sense in which Egypt felt it had earned a rest. During this breathing space, it hoped it would have time to turn attention to internal problems, notably the economy.

The weakness of the economy and the enormous drain on resources caused by defence spending provided a second reason for Egypt's comparative retirement from the front line. Egypt has become increasingly beholden, as one of the poorer Arab states, to aid from countries on the Arabian Peninsula, in particular Saudi Arabia. There is no suggestion that Saudi Arabia or Kuwait demanded a political quid pro quo from Egypt, but the provision of aid on a massive scale has inevitably meant that Egypt has had to take some note of the conservative opinions in Riyadh and Kuwait.

## Vociferous

The Arab reaction to the second Sinai agreement was vociferous on a scale which took Egypt by surprise and produced two important and closely-linked political effects. The first was that Lebanon's economic, social and political structure, which reflected many of the strains and contradictions in the Middle East as a whole, burst open into civil war, deeply involving Syria and distracting the Arabs generally away from the Arab-Israeli conflict. Second, Syria, fearing isolation in the northern part of the Arab world, established a close alliance with Jordan. It was significant that during the most part of the Lebanese civil war, Egypt's policies were largely reactive, mainly criticising Syria or providing a sympathetic ear for the Palestinians when Syrian pressure in Lebanon became too heavy. Relations with Syria became extremely strained and were only restored fully at the Riyadh and Cairo summits in October last year. A mutual agreement was established that Cairo would stop criticising Syria's role in Lebanon if Damascus halted criticism of the Sinai agreements.

The result is now that, with some order restored to Arab ranks, thoughts are turning again to the question of negotiations with Israel and the chances of President Carter being able to force concessions out of Israel. It is an irony, that President Sadat, who has gone further than any other Arab leader in trying to find peace with Israel, now faces for exactly the same reasons.

Washington, which, as he has said, "holds 99 per cent of the cards in this game in its hands" is bringing pressure on Israel to make concessions. And yet there are areas in which the two countries would seem to be out of step. Egypt views as far more sinister the Soviet Union's activities in Africa, and this motivated Mr. Sadat to send about 100 air technicians and pilots to support President Mobutu of Zaïre against the revolt in Shaba province.

This move linked Egypt firmly with Morocco, which sent a larger army contingent, and Mr. Sadat has frequently cited Soviet activities in Zaïre and Ethiopia as threatening Sudan—and thus Egypt. In January, Egypt formally signed a defence pact with Sudan.

There could be difficulties in getting a Geneva conference started because of the question of Palestinian representation. Israel opposes any change to the original line up of delegations—Egypt, Syria, Jordan, and Israel—and excludes separate representation for the Palestinians. But within the Arab ranks there is disagreement. Various alternatives have been mooted, from a Palestinian delegation to its absorption within a single Arab delegation. Earlier this month King Hussein of Jordan and Mr. Sadat disagreed over a suggestion that there should be a link between Jordan and the Palestinians to enable the latter to attend the opening of the conference as part of the former's delegation. The Palestine Liberation Organisation condemned this suggestion, too. If this deadlock persists, Egypt will be faced with the difficult choice of whether to insist on the Palestinians being at Geneva from the start and risk the conference not being held, or beginning the conference at any cost with the hope of having them instated later.

## Increased

What alternative has Mr. Sadat? The election of Mr. Menachem Begin's hard-line Likud Government in Israel's last elections has undoubtedly increased his problems, even though he wisely adopted the line, as Israeli leadership passed from Mr. Rabin, to Mr. Peres and then to Mr. Begin, that from the Arab point of view there was basically little to choose between the three. It has increased Mr. Sadat's dependence on the U.S., putting pressure on Israel to withdraw from the occupied territories. Not least, in the Arab world, Mr. Begin's victory has strengthened the hands of the "rejectionists" such as Iraq and Libya.

April. He looks entirely to pite with Libya became a war last month. In the two or three relations deteriorated to the degree of each side regularly accusing the other of bombing and sabotage. Arab UN brought about a cease-fire six days of fighting. But the deep worry in the Arab general Arab support for Egypt's action was not a reaction to Mr. Sadat's victory has been for Syria, which with a for the end of last year had a joint political conference. Nevertheless, Egypt's option, leaving aside an important question of Syria would be able to of its involvement in enough to provide along Israel's northern is there—but limited.

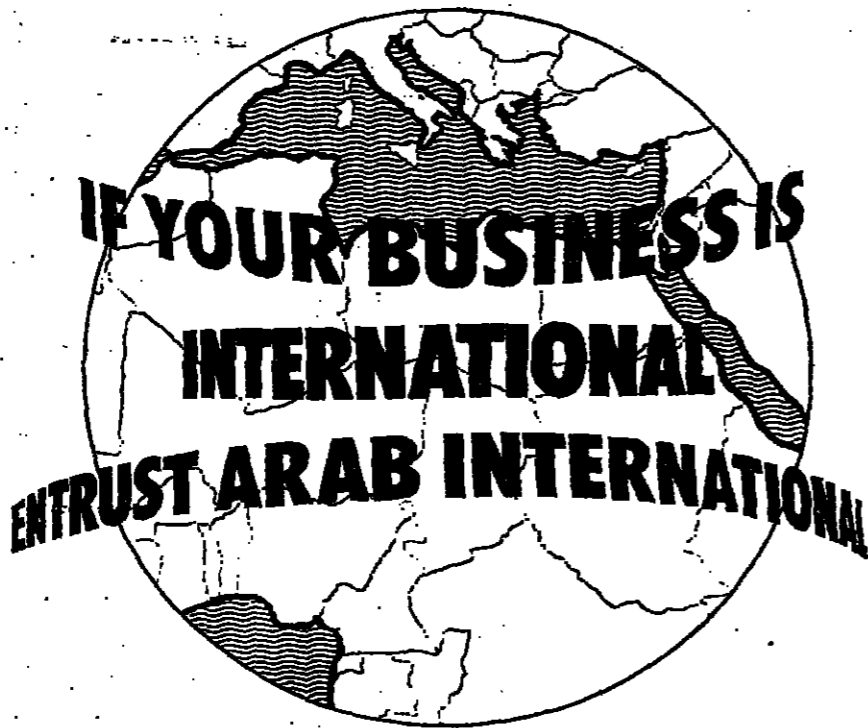
Of the four sections of armed forces, the air force has been hardest hit by the of spare parts. This mean that its aircraft are grounded but rather period during which the fight a war has been. The air defence force a formidable array of which the Soviet Union delivered as replacement in the 1973 war. According to their comparatively age, would be used ing rather than combat moment their reliability in doubt. The incorporation into Soviet-dominated systems of such western equipment as Mirages, and Gazelle helicopters caused few problems. The consensus is that fighting a defensive war with limited objectives, a resist an Israeli attack drive it back to the Suez But to fight such a war would have to 'break U.S.-negotiated Sinai terms, ignore the U.S. warning systems arou Milla and Giddi endanger its alliance Washington, and put at the massive reconstruction grammes in the area of Canal.

Thus Egypt finds itself in. Mr. Sadat looks so vainly to Europe, France, Britain and Germany, for arms and matic support. He has of taking the whole Mid conflict to the UN in th of Geneva falling. But remains that in making the centrepiece of his, and by employing the that he goes to get there Sadat is running a of exposing himself to more severe than when guidedly dubbed 1977 year of decision."

Colonel Kheusan has continued to be one of Mr. Sadat's main opponents. Indeed, the long-running dis-

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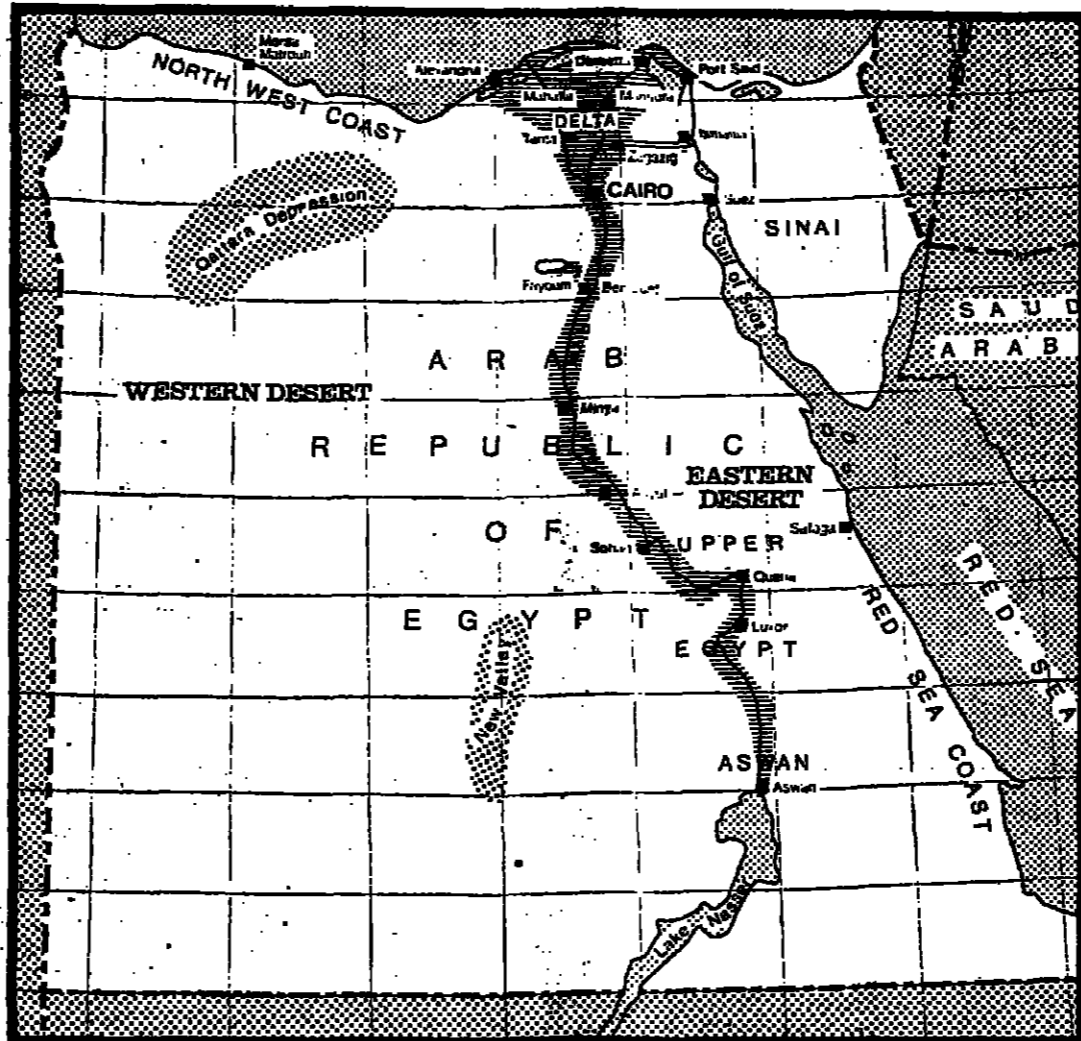
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# Egypt launches the most imaginative development programme of its kind in the world today.



Since the events of October 1973, the Arab Republic of Egypt has been moving towards the future with broad and imaginative commitments for the economic development of the country, and the welfare and prosperity of the Egyptian people, with a new open door policy, both internally and externally.

The aim of the government is to promote rapid economic growth through industrialisation and tourism, founded on the encouragement of local enterprise, Arab and foreign investment, the import of advanced technology from the developed nations, and the creation of free trade zones.

### The problems

Emphasis was initially placed on the restoration of normal life to the Suez Canal Zone, which suffered considerable damage during the June 1967 war. However, the effects of war destruction were also heavily felt at the national level.

The diversion of resources from the economy, impelled by a decade of defence and war economy, left no significant margin for raising the standard of living. Egypt's industrial structure suffered badly from little or no maintenance, lack of parts and components, and essentially no advances in technology.

Basic public services and infrastructure in Cairo and other major cities have lagged far behind demands, and it has been difficult to maintain, let alone improve, existing services with the continuous increase of population pressure and congestion in the cities. Egypt's total area is just over one million square kilometres and its present population is 30 million. Such a population density would be acceptable if it were not for the fact that most of Egypt is desert - only about 3% of the land, largely along the Nile Valley, is habitable, which means that population density in this productive strip is 1,230 persons per sq. km.

Egypt's economy in the past decade is a classic example of how high expenditure for defence and war can stifle social and economic development and ultimately bring that process to an end.

Strong, imaginative and comprehensive measures were urgently called for, which led to

the launch of one of the most imaginative development programmes of its kind in the world today.

### The solutions

In March 1974 a high level Advisory Committee was formed to undertake immediate planning for a massive reconstruction and development programme to accommodate Egypt's long range growth needs for the next 25 years.

With maximum co-ordination between all concerned, the programme laid the foundations of five ambitious aims:

to recover rapidly from physical damages in the Suez Canal Region;

to "remake the map of Egypt" through efforts to divert growth from the crowded cities of Cairo and Alexandria, and to arrest the encroachment on limited arable areas in the Delta and Nile Valley through development of the Suez Canal, coastal zones of the Western and Eastern Deserts, Sinai Peninsula and the satellite desert cities around Cairo;

to develop massive land reclamation projects with particular emphasis on agro-industrial operations designed to exploit the export potentials of Egypt's fruit, vegetables and other crops;

to overcome the effects of long years of neglecting the country's infrastructure, starting with the development of the entrances to Greater Cairo, and master planning of wastewater and water supply facilities in the major cities;

to develop the construction industry, through industrialisation of the building sector and development of the construction materials industry, thereby meeting the increasing demand in the domestic market while allowing a surplus for export.

### International co-operation

To provide as wide a range of expertise and experience as possible in preparing and implementing this programme, the Ministry has adopted a policy of engaging leading international and Egyptian consulting firms to work together in this task.

For example, the process of evaluating proposals was reviewed by an international panel of planning experts, whose selection was assisted by five major developed countries: France, Germany, Italy, United Kingdom and United States.

This basis of international co-operation has already borne fruit, and remarkable achievements have been made since July 1976. If any physical example were needed of the changes that Egypt's new open door policy is having on the country, then the progress and exciting prospects that this programme is making possible must rank as one of the most significant.



## ARAB REPUBLIC OF EGYPT

Ministry of Housing and Reconstruction

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# Two chronic ailments remain

IT TAKES AN Egyptian worker nearly all available foreign currency. This meant spare parts and new equipment could not be bought for factories. In 1974 many factories were only operating at one-third capacity.

Overrunning and unused capacity are the two chronic ailments of Egyptian industry.

Overrunning is the heritage of President Nasser who saw the industrialisation of Egypt not as a means of boosting national income but also of creating full employment.

The history of unused and overrunning equipment dates from 1967 when a large part of the nation's resources were directed into the military effort. A similar slump in civilian industry occurred in 1972 and 1973 when defence absorbed

Output

Massive short-term borrowing and use of supplier credits brought things almost back to normal after 1974 when equipment was imported and stocks of intermediate goods were replenished. Last year's stocks fell again with the acute shortage of foreign exchange, with the result that much of the plant and machinery imported during the 1974-75 period has not yet been put fully into use.

Egyptian industry provides

employment for 1m. people, 600,000 of them in the public sector. It produces one fifth of domestic output and accounts for one third of exports. Private sector employees contribute far less to the value added in industry because all major medium and large plants and factories were nationalised after 1961.

Industrial output reflects the pattern of the 1950s and 1960s when Egypt developed import substitute industries. Production still concentrates on basic consumer goods and vital intermediate goods like building materials, metals and fertilisers. Machinery and equipment have traditionally been imported rather than produced domestic-

For two years the government has been tinkering with the administration of the public companies particularly as it acknowledges that the running of heavy industry must be made more efficient. Changes so far however, make it look as if the government is using trial and error, and that overall direction and co-ordination is hazy.

For example, late in 1975 most of the general organisations which laid down policy for public companies were abolished; later technical secretariats replaced them. In 1976 a number of factories were shifted from the Ministry of Industry to other ministries; in February this year a major purge swept through the top management of industry.

In February this year dozens

of senior directors in industry including 29 chairmen of companies were suddenly removed from their posts for inefficiency or failing to reach targets. It is difficult to assess the results of the purge but it seems to have created insecurity throughout the public sector. The dismissal of Mr. Taha Zaki, the head of Kima Chemicals, was particularly unexpected since Mr. Zaki had in the past been tipped as a future Minister of Industry.

In June the cabinet began to study the sale of shares in public sector companies.

Meanwhile, the General Organisation for Industrialisation (GOI) remained in full operation employing thirteen hundred people to evaluate new ventures in industrial invest-

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## PLANNING

# Hand-to-mouth operation

WHEN Dr. Abdel-Moneim Kaisouni, Egypt's deputy Prime Minister for Economic and Financial Affairs, told the meeting of his country's creditors in Paris last May that the new five-year development plan was to be finally submitted for approval to the People's Assembly in August, the Egyptian delegate was heard to exclaim with jocular sarcasm: "which year?" It was a comment which was taken as a jest.

The Kaisouni's pronouncement that the 1976-80 plan represents a revival of medium-term planning in Egypt after the lapse of a considerable number of years, there have been considerable difficulties. Indeed the plan, accompanied by the Eurodollar loan to be managed by Chase Manhattan, dated March of this year, stipulates that "The Plan is expected to be finalised in late 1978".

THE DRAFT FIVE-YEAR PLAN FRAME  
(constant 1975 prices, £Em.)

	1976	1980	Average annual growth rate (%)
Gross domestic product*	5,160	7,431	9.6
Indirect taxes	800	1,100	8.3
Subsidies	462	150	-
GDP at market prices	5,498	8,382	11.0
Terms of trade effect	15	25	-
Gross domestic income	5,513	8,407	11.0
Imports (1975: £E2.0bn.)	1,696	3,158	16.8†
Exports (1975: £E1.0bn.)	1,269	3,906	22.0
Resource gap (1975: £E1.0bn.)	427	358	-
Consumption	4,354	6,835	8.8
Investments (1975: £E1.0bn.)	1,096	1,990	15.4
Total resource allocation	5,940	8,765	10.2
Gross domestic savings	659	1,572	23.0

\* At factor cost. † For the period 1975-80 the average annual growth rate is 9 per cent.  
Source: Ministry of Planning.

completed several months after the beginning of the relevant year, which hampered the Planning Ministry's ability to advise or direct them. As a result the guiding of economic policy fell into the hands of other individual ministries. In the end it fell short of its targets, but nevertheless achieved an implied growth rate of 6.4 per cent.

A draft for a second five year plan was drawn up but never enacted. Planning was subsequently disrupted by a lack of finance and the 1967 Arab-Israeli war. In 1972, a ten-year plan was announced, but was followed in mid-1974 by a transitional plan to prepare the way for the second five-year plan.

As outlined the plan aims at a highly ambitious annual GDP growth rate (at factor cost) of 9.6 per cent. The sum to be invested is £E7.8bn. (reaching a level of £E1.9bn. in 1980 after £E1.1bn. in 1976), to be allocated according to an official statement issued in March: industry 24 per cent; transport and service sector each 20 per cent; agriculture 10 per cent; and the Suez area 6 per cent. (One American assessment published last month, however, divided the allocations as follows: services 23 per cent, industry 18 per cent, transport 15 per cent, agriculture 10 per cent, and the Suez area 9 per cent.) By sector, the main growth areas are to be: power by 17 per cent; oil and products, construction and Suez each by 15 per cent; industry and mining by 12 per cent; and agriculture by 9 per cent.

Overall output is to rise from £E1.0bn. in 1976 to £E14.5bn. in 1980.

Deficit

The plan aims, too, at reducing the balance of payments deficit to an amount not exceeding capital goods imports, so that the current account deficit will fall from \$1.1bn. in 1976 to \$900m. in 1980. Total consumption (at market prices) is to rise from £E4.9bn. to £E6.8bn. by 8.8 per cent. (and by 7.1 per cent. when subsidies are excluded).

Somewhat optimistically the plan aims at financing from domestic resources to rise from 60 per cent in 1976 to 80 per cent in 1980, and crucial areas will be the measures taken to stabilise increases in public and private consumption, and to mobilise private savings particularly into productive projects.

In addition, the domestic earners from which Egypt hopes for finance are the petroleum sector, remittances from workers, the Suez Canal and tourism. Broadly, it is hoped that each of these sectors will be earning \$1bn. by 1980. Nevertheless Egypt's foreign exchange

requirements between 1977 and 1980 will total \$13.1bn., starting with \$5.4bn. in 1977 and falling to \$2.3bn. in 1980. Dr. Kaisouni hopes that during this period the burden of external debts will decrease from about 90 per cent of the value of exports to around 29 per cent.

The plan also bears the marks of IMF advice. The economy is to be gradually restructured with decentralisation and regional development, the elimination of subsidies and dismantling of the public sector.

Egypt's planners are fully aware of the possible pitfalls. The World Bank has pointed out that "substantially" higher levels of investment than those before will be required, and that projects will have to be more carefully evaluated, and administrative bottlenecks eliminated. Perhaps the most crucial test of the plan will be to provide evidence that while Egypt's short-term prospects are little less than grim, the long-term potential is good, and its intentions to make this plan succeed determined. For without this last ingredient, there will be reluctance on the part of Arab and western donors to provide the foreign capital needed.

GROSS VALUE OF INDUSTRIAL PRODUCTION  
(£Em. at current prices)

	1972	1973	1974	1975
Spinning and weaving products	525.4	546.9	603.3	690.2
Public sector	304.9	411.1	453.3	503.9
Private sector	120.5	135.8	150.0	186.3
Foodstuffs	518.5	561.0	608.6	698.0
Public sector	410.0†	445.5†	481.6	548.4
Private sector	108.5	115.5	127.0	149.6
Chemicals	135.1	139.7	195.5	267.4
Public sector	102.3†	101.4†	153.4	207.1
Private sector	32.8	38.3	42.1	60.3
Engineering products	145.2	143.4	175.6	220.5
Public sector	118.6	111.4	139.8	180.4
Private sector	26.6	32.0	35.8	40.1
Metalurgical products	105.1	102.7	144.0	165.0
Public sector	98.5	92.7	131.2	147.5
Private sector	6.6	10.0	12.8	17.5
Building materials	58.5	62.6	72.1	93.4
Public sector	49.3†	51.6†	59.3	76.3
Private sector	9.2	11.0	12.8	16.6
Mining products (public sector)	7.1‡	7.2‡	5.7	7.0
Woodworking products (private sector)	36.0	38.6	99.5	126.4
Leather products (private sector)	39.0	56.3	99.5	126.4
Total	1,569.9	1,656.9	1,904.3	2,267.9
Public sector	1,181.7	1,220.9	1,429.3	1,671.1
Private sector	388.9	436.0	475.0	596.8

† Covers only industries under the supervision of the Ministry of Industry and Mining. Ind. classification is according to supervising organisation. Does not cover national defence production, cotton ginning, flour milling, bakery production, tea packing, printing, pharmaceutical production, iron ore mining, or production of rural industries and handicrafts.  
‡ Includes transportation equipment and other machinery and equipment.  
Source: Ministry of Industry and Mining.

RECONSTRUCTION

New towns policy

These tasks were seen at the time as merely morale boosters and romantic dreams.

The Israelis were still on the west bank of the Canal. Sinai King of Saudi Arabia and the current ruler of the United Arab Emirates respectively.

Three years after the creation of the Ministry almost all the work of rebuilding and reconstructing the three main Canal cities—Port Said, Ismailia and Suez has been completed. The Israelis, as a result of the first and second disengagement agreements, have moved further east from the canal, the waterway has been re-opened to international navigation and Port Said has become a tax-free zone, with similar zones planned in both Ismailia and Suez.

Work got under way between 1974 and 1976 to bring back the 800,000 inhabitants of the Canal zone who had been forced to flee because of war. Port Said and Ismailia are again fully populated, and Suez 80 per cent so. In addition to the restoration of damaged build-

ings, new suburbs have been built—King Feisal in Suez and Sheikh Zayid in Ismailia, named after their sponsors, the late King of Saudi Arabia and the current ruler of the United Arab Emirates respectively.

In all more than 50,000 housing units were restored and more than 22,000 new units built in the area. Well over 200 schools have been rebuilt and more than 20 new ones were put up; more than 40 hospitals and 400 government buildings have been restored. Water supplies, sewerage networks and electrical generating units have been repaired and/or renewed.

The foundation stone of a new university was laid near Ismailia as the nucleus of regional specialised universities. Its students are to study mainly oil exploration, petrochemicals, fisheries and the oceanographic and land reclamation fields.

When Dr. Kaisouni made his pronouncement that the 1976-80 plan represents a revival of medium-term planning in Egypt after the lapse of a considerable number of years, there have been considerable difficulties. Indeed the plan, accompanied by the Eurodollar loan to be managed by Chase Manhattan, dated March of this year, stipulates that "The Plan is expected to be finalised in late 1978".

The Government makes claims that because of the acute nature of Egypt's short-term problems, it has been forced to operate on a hand-to-mouth basis for the first two years of the plan. It claims, too, that the projects scheduled for those years will have been carried out. However, it is not difficult to see why the plan will have started nearly two years late.

From a strategic point of view, this medium-term planning emphasises the problematic sea-change in Egypt's economic thinking, moving it away from heavily centralised administration towards a mixed economy. The planners also had to coordinate the needs of a dozen ministries to prevent the submission of overlapping projects.

The World Bank has remarked acutely that "In the past, executive ministries have found that the best way of securing more investment for their sectors has been to initiate new projects. This has resulted in a large number of unfinished projects which are likely to pre-empt the

bulk of investment expenditures proposed for the 1976-80 Plan period."

A symptom of this approach was the abrupt removal of subsidies on basic commodities. (It is surprising, too, that Dr. Abdel-Razzak Abdel-Meguid, the Planning Minister, will be leaving shortly to take up a post with the UN in New York.) But the plan has now been established, with a detailed computer model taking into account 419 variables, and compiled in 14 volumes.

Egypt has had only one other five-year plan from 1960-61 to 1964-68, during which it was intended to invest £E1.64bn. The major allocations were to agriculture and the manufacturing sector, each with 23.4 per cent, and to transport and communications with 16.4 per cent. The immediate aim was to raise the level of national income by 40 per cent.

Then as now it stimulated an extensive examination of the structure of Egypt's economy and sizeable statistical output since last November that a clearly able team of economists

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## SECTORAL OUTPUT TARGETS (at constant 1975 prices, in £Em.)

	Actual 1975	Actual 1976	1977	Planned 1978	1979	1980	Average Annual Growth rate
Agriculture	2,052	2,116	2,182	2,247	2,315	2,384	3
Industry and mining	3,332	3,449	3,665	4,103	4,595	5,145	12
Oil and products	385	581	598	747	859	989	15
Power	90	100	123	145	171	200	17
Construction	485	416	513	589	678	780	15
Transport and communications	42	146	200	230	264	304	15
Trade and other services	300	371	456	501	551	606	10
Total gross output*	2,612	2,820	3,106	3,410	3,751	4,126	10
Annual growth rate (%)		7.9	8.8	9.9	10.1	10.2	

\* Due to rounding, totals may not add up.  
Source: Ministry of Planning.

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remain

# Now a net exporter

HAD always felt that Libya to the west and Arabia to the east have been blessed with oil resources, while its Egyptian Government has been comparatively successful in counter nature's meanness. In 1975 it became the first net exporter of oil on the Gulf of Suez. But EGPC has set its sights on more than \$1bn. in important contributions to the balance of payments. The Egyptian Petroleum Corporation, which supervises oil production and marketing, and its products, that only between 80 per cent of that target met. Nevertheless, in an exploration over the next 12 years.

## Exploration

But as this for the moment is more of an exploration rather than production exercise, there is likely to be a high level of relinquishments. At the end of June Conoco under a farm-out agreement sold one-third of its interests in this area to Marathon and Shell. Conoco has also been awarded since a 90,000 square kilometres production-sharing tract to the north in the Western Desert.

According to the EGPC monthly magazine, al-Bitrul, crude oil production in 1976 totalled 16.6m. tonnes (328,362 b/d), representing a 41 per cent increase over the previous year. It included 3.5m. tonnes from the Sinai fields recovered from Israel at the end of 1975. This was, however, somewhat below the estimates for that year because of drilling problems, mainly in the July and Ramadan fields.

The output of gas and distillates amounted to 115,000 tons, representing a mere 32 per cent of the target production. Crude oil processing at 10.4m. tons represented an increase over estimates, and represented a rise of 20.9 per cent over 1975. Local consumption of petroleum products was 8m. tons.

In oil Egypt had a trade surplus of \$E122m. (\$312m.) compared with a deficit of \$E22m. (\$66m.) in 1975.

A total of 70 wells were drilled in 1976, 35 of which were exploration wells (19 offshore in the Gulf of Suez, the Red Sea and Mediterranean), and 18 onshore in the Nile Delta and the Western and Eastern Desert. The remaining 35 were development wells.

While 1976 looks to have been a turning point in terms of the oil balance of payments, Egypt's oil fortunes had previously been very mixed. Production dropped after Israel's occupation of Sinai in 1967 (at the time EGPC officials, while claiming compensation from Israel, concede that Israel did not over-exploit these fields), then rose to a record 16.4m. tonnes in 1970-71. But in spite of discoveries in the Western Desert at El Alamein, Abu Ghadir, Yidma and Razzak, production fell to a low of 7.5m. tonnes in 1974 as a result of a drop in the reservoir pressure at Morgan and because of temporary shutdown of the Red Sea fields in the 1973 war.

This year, the oil sector is to spend \$E240m. (\$588m.) on exploration and development, and \$E140m. of this is to come from foreign companies. The surplus is expected to total \$E210m. Production is scheduled to reach 440,000 b/d, and for the first two months of this year it averaged about 350,000 b/d. It is planned to drill some 41 exploratory wells.

Longer-term development plans concentrate on raising production to 870,000 b/d, of which 520,000 b/d are to come from the Morgan, Ramadan and July fields in the Gulf of Suez. These are currently undergoing extensive development drilling and water injection programmes, which started in 1976. Last year they produced respectively 95,000 b/d from Morgan and 50,000 b/d from each of Ramadan and July.

Two discoveries in blocks 383 and 300 have been made near the Morgan and July fields and are due to be producing 70,000 b/d next year and 150,000 b/d thereafter. The present oil

blend from the main Gulf of Suez fields is about 32 degrees API with a sulphur content of between 1.4 and 1.5 per cent.

Other prospects in the Gulf of Suez include a new discovery offshore by Amoco from the Sinai territory released by Israel. However, Amoco's exploration in its South Belayim and South Ghazal concessions—awarded at the end of 1974—have been halted since the Israeli navy last September drove off the Santa Fe drilling ship Mariner 1—engaged on behalf of Amoco and the EGPC.

Israel claims jurisdiction over the eastern half of the 18-mile-wide Gulf up to the median line from the Sinai shore it controls, and has engaged a U.S.-controlled company, Neptune, to work the area. The U.S. has criticised Israeli actions and maintains that Amoco has the right to drill for oil up to a line three miles from the Israeli-occupied territory.

The Abu Rudeis fields (onshore and offshore, where the oil is of 28 degrees API with a sulphur content of 2.1 per cent.) are currently producing at the rate of 75,000 b/d and are expected to regain the 1966 levels of 85,000 b/d by the end of the year. The remaining current production comes from the Eastern Desert (33,000 b/d) and the Western Desert about 30,000 b/d.

On other territory east of the Suez Canal recovered from Israel three agreements have been concluded with Agip, Gulf Oil and Conoco, covering areas onshore and off.

Although Egypt is now firmly an oil exporter, it has little intention of joining OPEC since it finds it more convenient to follow market prices freely. Bearing in mind the varying gravity ratings of its crudes, Egypt raised the prices of some crudes by 5 per cent and others by between 7 and 8 per cent, following the two-tier price split in OPEC from the beginning of 1977. The current prices for the Belayim blend are \$11.40 and for Morgan \$12.52 per barrel.

Egypt's earnings from oil are likely to be increased eventually by the 210-mile double 42-in. oil pipeline between Ain Sukhna on the Gulf of Suez to Sidi Kreir, west of Alexandria. Samed, as the line is known, came into operation this year after tests last December. The project, which eventually cost about \$500m., had been under consideration since just after the 1967 war, but was eventually built by a consortium led by the Italian company Montedison. It is controlled by the Arab Petroleum Pipelines Company, formed in 1974 with a capital of \$400m. split among EGPC, which holds 50 per cent, the national oil companies of Saudi Arabia, Abu Dhabi and Qatar, and several Kuwaiti interests, the foremost of which is the Kuwait Foreign Trading, Contracting and Investment Company.

So far firm throughput contracts, at the rate of \$1.60 per ton for the pipeline whose initial capacity is 80m. tonnes a year, have been concluded with Exxon (for 150,000 b/d),

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	1975	1976
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## POWER

# Plagued by shortages

As the Egyptian economy enters a period of rapid growth, the power supply is being stretched to its limits. The Ministry of Power has announced that it is planning to build a 600 MW steam turbine station at Abu Kir, on the Mediterranean coast near Alexandria. West German and American help has been enlisted for a 300 MW station at Suez while the contract for a 300 MW unit at Ismailia has been signed with \$100m. backing from U.S. AID.

The worst power cuts occur during December and January when the volume of water released through the High Dam is at its lowest in order to reduce the water level downstream and permit the cleaning of canals all over Egypt. For these two months the Dam's turbines produce less than 900 MW and the country-wide power shortfall rises to 50 per cent.

This has serious consequences for industry because power and by plans must be based on the minimum power output which can be guaranteed all the year round. The Ministry of Power has ordered gas turbines as a short term solution to the water problem.

AID has promised \$80m. to be signed until the U.S. and Egyptian governments have signed a co-operation agreement, a matter which is being considered by the Carter Administration. If the U.S. agrees, work could begin this year and the station could be completed in 1984. One snag of the project is the price of the gas to do a job Alexandria would cost around \$250m. The old equip-

ment breaks down frequently, stations are due to begin functioning before 1980. At the end of next year a 220 MW conventional station should be finished at Kafr El Dawar. France is helping to build a 600 MW steam turbine station at Abu Kir, on the Mediterranean coast near Alexandria. West German and American help has been enlisted for a 300 MW station at Suez while the contract for a 300 MW unit at Ismailia has been signed with \$100m. backing from U.S. AID.

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RECONSTRUCTION LOW IN COST

M.T.

# Lack of investment

EGYPTIAN agriculture has been in decline for some time. Two years ago the industry slid for the first time into a net trade deficit when the total cost of agricultural imports exceeded exports. Egypt is becoming progressively less able to feed itself and is not making the investment needed to check the decline.

From any angle agriculture is the most important sector of the economy. Although it occupies only 3 1/2 per cent of the land area, along the Nile Valley, it employs almost half the labour force, and accounts for 28 per cent of Gross Domestic Product and 60 per cent of exports.

Cultivation is almost all carried on by the private sector, the revolutionary reforms having cut back the maximum size of individual holdings but without nationalising the land. Nevertheless almost half the land is owned by less than one tenth of the farmers, these landowners by custom leasing a proportion of the land to the fellahen (peasants) at controlled rents.

Central government control is rigid and mandatory crop rotations are enforced on about

one third of the land. Selling prices are below world levels. This reflects a policy fundamental to Government economic strategy: that profits from agriculture should finance the country's industrialisation, through what is sometimes regarded as an indirect tax on agriculture. The Government creams off the difference between prices paid to farmers for major crops, like cotton and rice, and world selling prices. Since it distributes and sells imported wheat and flour at subsidised prices, farmers are denied the market value of home-grown wheat for which they are paid the low fixed Government rate.

Policy tends to run in cycles as successive Agriculture Ministers stress either food production or cash crops for export. However, the small arable land area means that adjustments from one crop to another do not disturb the broad pattern. Cotton, wheat and maize are grown on about 4m. acres in roughly equal proportions, with rice given 1m. acres and other crops, like vegetables and fruits, smaller areas. Total cultivable land is 6m. acres but multiple cropping and the system of rotation give a cropped area of more than 10m. acres.

The deterioration in agricultural output has both physical and structural causes. Rising water tables mean the soil is waterlogged in many places just under the surface. The soil water excludes air from the roots, inhibiting growth. Growth is further inhibited by high concentrations of salt associated with the rising water tables. For a simple explanation of a complex situation one can say that since perennial irrigation was made possible by completion of the Aswan High Dam, Egypt's entire arable area has been subject to over-watering. Water which is not taken up by plant roots and is not drained off seeps down, eventually raising the water table. The excess water also washes out salts from the soil, increasing the salinity of the water.

**Inefficient**

The animal sector is inefficient because draught animals consume as much feed as would dairy or beef cattle but are far less productive.

This inefficiency has only been recognised in recent years, but the average Egyptian farmer has yet to appreciate it. Egypt has 4m. to 5m. draught animals (horses, donkeys and buffalo) which consume, according to official figures, the output of one third of the agricultural acreage. This is a slight exaggeration since the Ministry of Agriculture includes in the calculation—besides feed grains—wheat, rice and cotton on the grounds that the animals eat straw, rice bran and cotton seed. These crops would of course be grown anyway.

In theory meat milk output would increase enormously if draught animals were replaced by mechanical power. In their

place high yield beef and dairy cattle could be husbanded. A West German-run experiment with Friesian cows on an experimental farm in the Delta has demonstrated that pedigree cattle can do well in Egypt. However, the extension services, follow-up and high costs make wider application problematical.

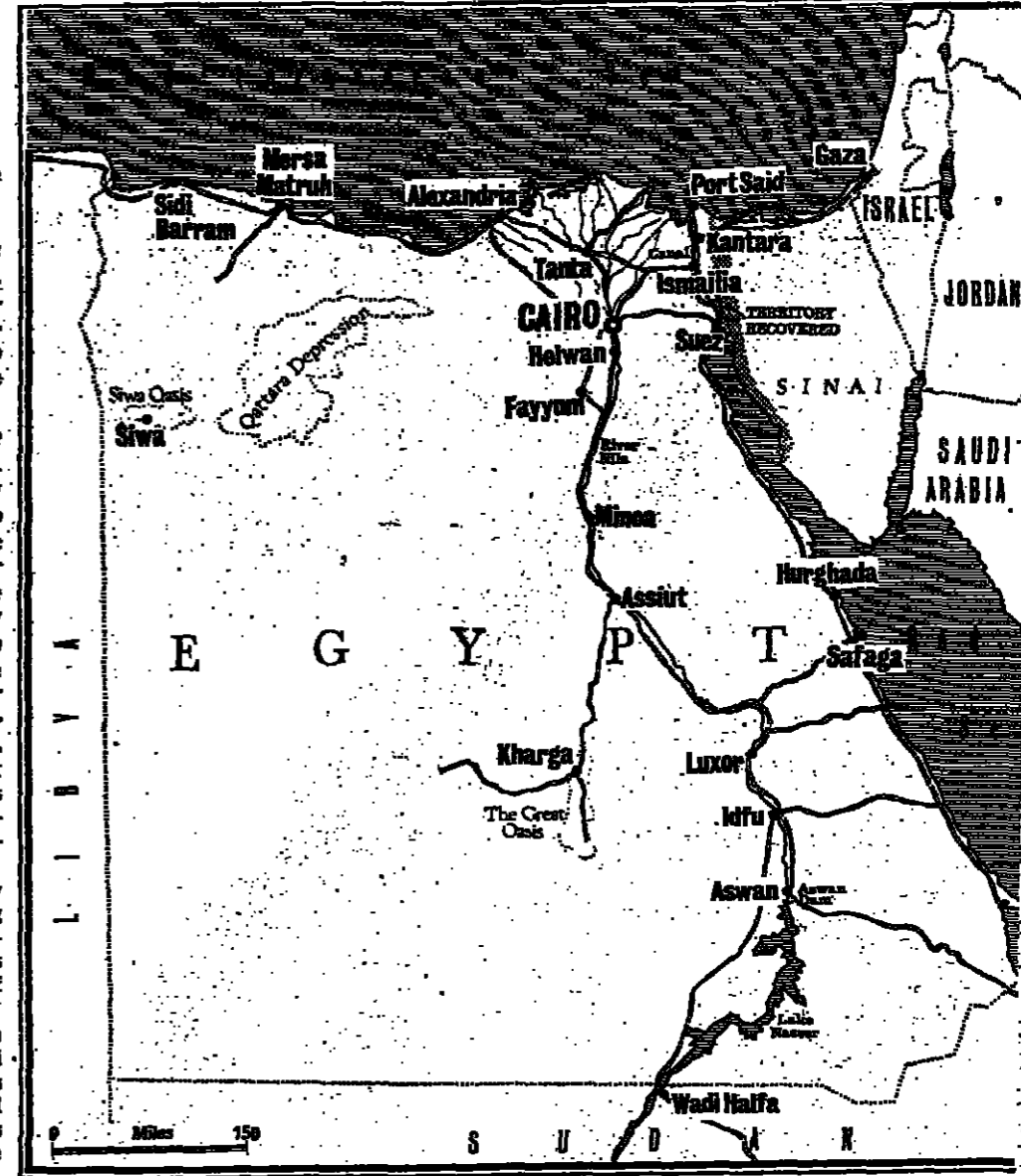
The importance of raising meat production is recognised by the Government, which last year introduced big tax incentives. Both poultry production and cattle breeding are freed from taxes for five years in a drive to push up production. This will save on imported meat.

Streamlining the animal stock in Egypt would help demonstrably, American experts estimate that a high quality animal gives up to five times as much meat for the same amount of feed as a low quality beast. Chickens also give very high meat returns on feed input and pigs are the next most economic.

Perhaps because agriculture has historically supported Egypt without difficulty and in the past given huge returns, the Government has leaned on the sector in the drive towards industrialisation. In the past seven years agriculture has been allocated less and less in capital investment. In 1975 agriculture was only permitted an 8 per cent share.

The Government recognises the problem but in the much delayed 1976-80 five year plan the sector still receives only about 10 per cent. There seems no doubt that the progressive decline in investment is linked to the drop in agricultural growth—currently estimated at 2 per cent a year in real terms, which is less than the growth in population.

Foreign advisers are concerned that if the traditional agricultural services (extension draught animals were replaced services, research, co-operation) do not receive more



money, the investments of the last several years will not yield what they should. It is almost a political problem. Agriculture is not a fashionable activity. The drive and energy of individual members of the Government is more often put into prestige projects, which give their patrons more kudos.

Agricultural credits have stagnated in the past 10 years. Money has been increasingly drawn from long-term credit to the short-term as farmers have applied for loans to pay for fertilisers. The latter have become increasingly necessary since the Nile silt ceased to be spread over the fields by the seasonal flood. When fertiliser is available in sufficient quantities the effect can be dramatic, especially with hybrid wheat varieties. But the benefit is frequently reduced by the widespread increase in water-logging.

The effects of the centrally administered price and cropping system are far-reaching, especially on the old lands (as opposed to reclaimed land) of the Nile Valley.

Each year the farmer is given directives as to what he should grow on much of his land. (Less than one-tenth of the cultivated land is under crops like vines and orchards which exempt the farmer from the directives.) Prices for cotton, wheat and rice and the other main crops are set so low that the farmers' profits are strictly limited. Only livestock products—beeswax (clover) for animal feed, fruit and vegetables are exempt from price control. For this reason truck farming and animal feeding are the most profitable activities and farmers persistently evade full application of the crop patterns imposed on them.

The richer farmers can escape crop directives because

they have the capital to plant those crops which take them out of the controlled rotation patterns. These fixed crops, like oranges or grapes, make more money. Poor farmers tend to get stuck with the less profitable cotton.

The price of the fodder crop, berseem, has trebled in recent years and although it is against the law to irrigate this crop after May 10, farmers often try to squeeze in a second cutting before planting their cotton. The cotton yields less because

early planting is essential. Worse, the clover provides a habitat for a moth which lays its eggs on the cotton plants—eggs which hatch to become the destructive cotton leaf worm. To sum up, the farmer is attracted away from traditional crop patterns by profits, but if he is a poor smallholder he lacks the money to switch. He is required to grow the traditional crops but can only make reasonable profits if he cuts corners and ignores directives. It is difficult to see how the decline in agriculture will reverse as long as the Government places the sector so low in the list of investment priorities. Perhaps the indicator of the seriousness of that decline is the accompanying table drawn from official data showing production of Egypt's main crops. The declines over the last years range between 2.5 per cent for maize and 7.6 per cent for rice.

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plans for the Egyptian textile industry to use a larger proportion of the cotton crop, leaving less raw cotton for export. A three-stage programme for modernising and converting the spinning plants has been underway since 1974. IDA loans from the World Bank cover half the cost of the \$144m project. When it is finished in 1985 42 gins will have been rehabilitated and 12 new ones installed.

Meanwhile efforts have been made to shift more cotton exports to hard currency buyers. Last year and the previous year Egypt was left with large unsold stocks when its long staples

Problems in cotton production arise frequently from the farmers' desire to grow as much clover as possible to sell as cattle fodder. In the rotation system clover is grown before cotton. The price for each cut of clover has trebled in the past three years and, if the farmer can hang on long enough for a second cut, he can double his income from the crop.

But if he delays planting the cotton, he exposes the plant to the cotton leaf worm which hatches from eggs laid by a moth favouring the clover as its habitat. Three generations of leaf worm can pass through the life cycle in one cotton season. This year an extraordinary heat wave in May, with temperatures up to 46 centigrade, advanced the entire cycle.

This has created the worst ever infestation and the Ministry of Agriculture announced a state of emergency in June.

In five Delta provinces, Dakhleya, Gharbeyia, Damietta, Sharqeya and Kafr El Shajkh, which account normally for half the cotton grown in Egypt, egg masses have shown an enormous increase. In Dakhleya in June, as the manual picking force was being mobilised, the worst example was the discovery of 48,000 egg masses per acre compared with a few hundred in normal years.

The normal method of attack is to send out hand pickers in June and July and follow up with chemical spraying. Two chemicals, Phosvel and Galiron are available, though both can have dangerous side-effects to humans and animals. In massive spraying to counter the leaf worm outbreak six years ago there were reports of deaths from the toxin. Egypt is receiving Galiron from Europe even though in the U.S. the substance has been found to cause tumours in rats.

The Government is making efforts to change the system of marketing cotton in line with recommendations of the International Monetary Fund. The IMF is against the invisible subsidy which has, in effect, been given to the textile industry by selling cotton to the mills at prices far below market levels. In the latest economic reforms more than £E50m. has been saved by the removal of this subsidy and prices of cotton products from the factory will soon have to rise.

There are also long term

FOR MILLENNIA Egypt has been bound together by the waters of the Nile. Egyptians have always lived in the narrow strip of the Nile Valley. Controlled use of the water has enabled them to feed more and more people in this small, crowded area. In recent generations rapid population growth has forced them to spread outwards from the valley into the desert—and irrigation thus has become the key to their lives.

The Aswan High Dam, by ending the old system of basin irrigation and replacing it with year-round regulated supplies of water, enabled farmers to grow two and even three crops a year where before they grew one. The original lands of the Nile Valley cover just under 8m. acres. Multiple cropping within the rotation system turns this effectively into more than 10m. acres of cropped land. The Egyptians have also been using underground water to increase land for agriculture.

The Aswan High Dam was built to control the Nile flood. In the past four years its existence has averted what would have been two devastating floods after heavy rains in the highlands of Ethiopia. It also stopped what would have been one potentially disastrous year of low water.

Installation of electric power turbines was a secondary function of the high dam, which is controlled by the Ministry of Irrigation with the purpose of creating optimum conditions for agriculture.

The dam has had some negative side effects. One has been the spread of the debilitating disease, bilharzia, with the expansion of the canal system. Another effect was to increase the need for fertiliser to replace the silt which used to be spread over the fields by the Nile flood. A crisis in the early 1970s was aggravated when local fertiliser

plants produced only a fraction of their capacity just when the price of imported fertilisers was rocketing.

Five to six years of careful watering unexpectedly showed that too much water could be a curse. In 1972 an alarming development was noticed when ground water tables were seen to be rising faster than could be believed. (1 cm. a day was monitored in Nubariya). The groundwater not only posed a danger to crops because it prevented the roots from getting enough air but because it was dangerously saline.

**Acute**

Rising saline water tables are the most acute problem in Egyptian agriculture. When more than the optimum quantity of water needed by crops is applied to the soil without special drains to remove the excess, the unused water filters down to the permanent water table. Because water is free of charge, because irrigation can often be done underground, pumps and expensive gravity flow without expensive pumps, and because the peasant traditionally associated more water with better crops, over-watering is rife throughout Egypt. The groundwater leaches salts from the soil. The salinity hampers root growth and has affected the yields of most crops in the last four years. Rising saline water tables are the most acute problem in Egyptian agriculture.

As soon as the situation was understood the World Bank started a programme to lay down tiled drains through which the unneeded water could be pumped away. As the problem grew worse the project was expanded, so that soon, some 2m. acres will be drained by concrete or plastic pipes. U.S. AID has joined in the programme, which now includes all the Nile

farmer were to make profit. If the Government open door policy succeeds, bringing in foreign investment for industrialisation, Egypt may be able to improve the efficiency of the growing the growers more benefits would not only the farmer but also to the tile industry, which according to Government plans, will be processing almost the entire crop, increasing domestic value-added and helping up the national through textile exports.

planned "We started with ambitions but no date in Kharga pressure from wells was expected to last for years without pumping. In the oases which were supposed to be joined to a water from high-pressure flows free and unused. Kharga and the New became expensive and embarrassing. Six years ago a railway link between the Valley and the 100,000 km. of the New Valley was started. Two years ago a national carrier cut air service to the region.

But the Government has sights on a prestigious network to reclaim 1.5m. acres, potentially fertile land between Kharga and Toshka, an area of 300 miles square. Boroholes are drilled to establish whether water could be brought to the desert, which is made of alluvium from a historic Nile. When it reaches 183 metres in height (now 176 metres) Toshka became a natural spillway. Now, after a succession of irrigation ministers, the government seems intent on starting new projects even though the old projects remain uncompleted and the high evaporation means that a pipeline should be considered rather than a he believes.

Mistakes in the past and of the water, the supply which Egyptians still take for granted, have so far been repairable. But as limited supplies of water are required to sustain more and more projects under a view to increase the growth pattern of foreign investment is the strong capable of me

plains for the Egyptian textile industry to use a larger proportion of the cotton crop, leaving less raw cotton for export. A three-stage programme for modernising and converting the spinning plants has been underway since 1974. IDA loans from the World Bank cover half the cost of the \$144m project. When it is finished in 1985 42 gins will have been rehabilitated and 12 new ones installed.

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As soon as the situation was understood the World Bank started a programme to lay down tiled drains through which the unneeded water could be pumped away. As the problem grew worse the project was expanded, so that soon, some 2m. acres will be drained by concrete or plastic pipes. U.S. AID has joined in the programme, which now includes all the Nile

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## COTTON Growers need incentives

When world food prices have been relatively low, the policy has been to grow more cotton. When food imports are expensive the Government usually wants to grow more food grains at home. Overall, the Government has been so accustomed to using the cotton crop to finance industrialisation that it has, over the years, virtually forgotten the burden the cotton farmers are bearing by receiving low prices for the crop.

Successful research has pushed up yields over the years but production cannot be as efficient as it would be if the

## WATER No room for error

plains for the Egyptian textile industry to use a larger proportion of the cotton crop, leaving less raw cotton for export. A three-stage programme for modernising and converting the spinning plants has been underway since 1974. IDA loans from the World Bank cover half the cost of the \$144m project. When it is finished in 1985 42 gins will have been rehabilitated and 12 new ones installed.

FOR MILLENNIA Egypt has been bound together by the waters of the Nile. Egyptians have always lived in the narrow strip of the Nile Valley. Controlled use of the water has enabled them to feed more and more people in this small, crowded area. In recent generations rapid population growth has forced them to spread outwards from the valley into the desert—and irrigation thus has become the key to their lives.

The Aswan High Dam, by ending the old system of basin irrigation and replacing it with year-round regulated supplies of water, enabled farmers to grow two and even three crops a year where before they grew one. The original lands of the Nile Valley cover just under 8m. acres. Multiple cropping within the rotation system turns this effectively into more than 10m. acres of cropped land. The Egyptians have also been using underground water to increase land for agriculture.

The Aswan High Dam was built to control the Nile flood. In the past four years its existence has averted what would have been two devastating floods after heavy rains in the highlands of Ethiopia. It also stopped what would have been one potentially disastrous year of low water.

Installation of electric power turbines was a secondary function of the high dam, which is controlled by the Ministry of Irrigation with the purpose of creating optimum conditions for agriculture.

The dam has had some negative side effects. One has been the spread of the debilitating disease, bilharzia, with the expansion of the canal system. Another effect was to increase the need for fertiliser to replace the silt which used to be spread over the fields by the Nile flood. A crisis in the early 1970s was aggravated when local fertiliser

plants produced only a fraction of their capacity just when the price of imported fertilisers was rocketing.

Five to six years of careful watering unexpectedly showed that too much water could be a curse. In 1972 an alarming development was noticed when ground water tables were seen to be rising faster than could be believed. (1 cm. a day was monitored in Nubariya). The groundwater not only posed a danger to crops because it prevented the roots from getting enough air but because it was dangerously saline.

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But the Government has sights on a prestigious network to reclaim 1.5m. acres, potentially fertile land between Kharga and Toshka, an area of 300 miles square. Boroholes are drilled to establish whether water could be brought to the desert, which is made of alluvium from a historic Nile. When it reaches 183 metres in height (now 176 metres) Toshka became a natural spillway. Now, after a succession of irrigation ministers, the government seems intent on starting new projects even though the old projects remain uncompleted and the high evaporation means that a pipeline should be considered rather than a he believes.

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decline in agriculture will reverse as long as the Government places the sector so low in the list of investment priorities. Perhaps the indicator of the seriousness of that decline is the accompanying table drawn from official data showing production of Egypt's main crops. The declines over the last years range between 2.5 per cent for maize and 7.6 per cent for rice.

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هنا من الأصل

# Our ancient ambassadors would be proud of us.

Five years ago London saw what was to prove to be one of the most exciting and popular exhibitions ever staged in Europe.

Displayed in the British Museum, the treasures of Tutankhamun were to stimulate the imaginations of all who saw the exhibition. An interest in Egypt, dormant in the minds of countless men, women and children, was stirred by the breathtaking beauty of the boy King's golden mask, and the fabulous wealth of riches embodied in the artefacts recovered from his tomb.

In all, over one-and-a-half million people queued to see Tutankhamun in London. At any one time there might be as many as eight hours before visitors could gain admission to the Museum. Even on the very last day of the exhibition's phenomenal and unprecedented run, people were still hoping to gain admission, only to be turned away as the doors closed for the last time.

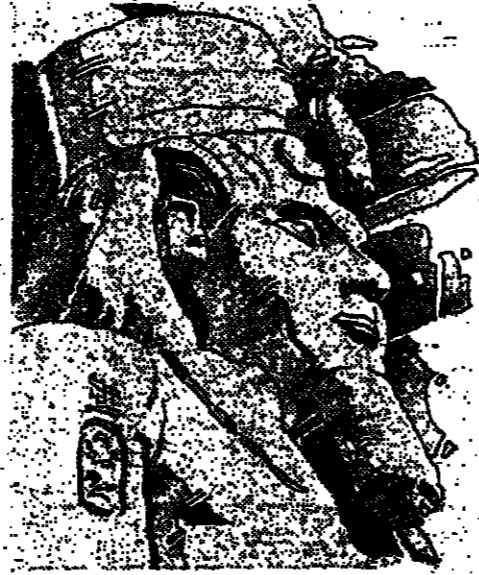
Now such scenes are anticipated in cities throughout the United States of America. In Washington DC, where the exhibition's tour began, it has been as popular as it was in London. And, in New York, where the Metropolitan Museum of Art published a specially commissioned illustrated volume priced at \$35.00, Tutankhamun sought the public's imagination that the first edition of the book was sold out in a matter of weeks.

Thus, the first of Egypt's 'ancient ambassadors' has come much to rekindle interest in a country whose history goes back to a time when, over 3,000 years before the birth of Christ, Egypt, under the rule of the mighty Pharaohs, gave the world a culture and civilisation which has seldom been matched for its achievements and its grandeur.

## Ambassador for the future

Today, while the memory of Tutankhamun still lingers in Europe, fostered by the boy King's enchanting good looks and the fascinating tragedy of his all-too-short life, a second 'ancient ambassador' is abroad, maintaining interest in a land which, while mindful of its past, now looks forward to its future.

Rameses II, whose treasures have been on display in London, was one of the last great warrior Pharaohs of Egypt. An man of immense energy, he was the author of the plans to build the magnificent temples at Abu Simbel. Now moved to a site, beyond the reach of the flood waters of the Nile as they rise and fall behind the Aswan Dam, the temples stand as a monument to a culture and a way of life which, for centuries, has served as an example to the world.



## With for the decade

In the last few years, Egypt has begun to re-build again.

The Government has been following an 'open-door' policy aimed to rehabilitate the country's economy and to establish the country's wealth during the events of 1973. At the same time, positive initiatives have been, and are being, made by President Sadat and his Government towards the positive realisation of permanent peace based on justice, in the Middle East.

This 'open-door' policy aims to encourage foreign investment in Egyptian-based projects with a view to strengthening the efforts being made on a domestic level.

Where once much of Egypt's industry was in public ownership, a system of management by objectives and results is being introduced as more and more industrial control is passed into the hands of individual companies. Free to make investments in expansion and modernisation, companies are also being given the power to set their own levels of production, and their own prices. In the agricultural sector, producer prices are being brought more closely into line with international levels which provide incentives and rewards for farmers.

Similarly, various projects are under way to deepen and widen the Suez Canal with a view to increasing Egypt's involvement with world trade. At the same time, work is in progress to construct tunnels under the Canal to make a closer link between the Nile Valley and Sinai, in order to achieve the rehabilitation of the Sinai Peninsula.

These moves are seen as essential to Egypt's long-term growth. They represent a firm step in the right direction, a move towards achieving a self-sustaining growth pattern stemming from Egypt's own efforts as well as from the attraction of foreign investment encouraged by the 'open-door' policy.

## Projects under way

Industry is the strong backbone supporting the national economy. It is the most capable of meeting the greatest aspirations for social and economic development.



Among the new industrial projects initiated recently, one of the largest is the aluminium complex at Nag Hammadi. It began operating in April 1977, producing 100,000 tons per annum.

Similarly, as part of the integrated plan for economic and social development, a substantial investment is being made to extend the scope of Egypt's iron and steel industry. It is estimated that the total production of the iron and steel consortia will reach 1,558 million tons when current developments are completed.

Other projects in hand include the exploitation of the Baharia oasis and the expansion of the country's lime-stone quarries and dolomite industry.

Many other projects await implementation, all of which will contribute to the breadth and scope of Egyptian industry, to the benefit of the country's people and her national economy.

## Making the desert grow

Egyptian farmers were among the first to practice organised agriculture. Through the ages this expertise and knowledge has been developed, nurtured as it is by the natural gifts of an equable climate and the life-giving waters and fertile soil of the Nile Valley.

Now Egypt is transforming barren desert into productive farmland. The rock-strewn, dry, sandy areas of the Western desert, once fertile and productive, are again becoming lush, green fields. The desert is being given new life. Numerous reclamation projects are in hand to prepare the neglected land for cultivation, production and permanent residence.

The most exciting of these projects is at Tahrir Province where water was discovered 150 feet beneath the Sahara. Between 1960 and 1969 alone, nearly one-and-a-half million acres of land were reclaimed. Families and experienced farmers, backed by modern machinery and scientific expertise, moved into the area, and now raise wheat, beans, sugar cane, lettuce, strawberries, citrus fruits, radishes, squash, beets, corn, barley, artichokes and other crops.

Again in the Western desert, 100 miles from Luxor and the Valley of the Kings, another reclamation project is taking place. A region that has seen rain only once in 100 years is being converted from an infertile crescent of unproductive wasteland into a food-growing area of several millions of acres. This 'New Valley', which runs parallel to the Nile, was one of the most fertile areas of the world during the time of the Pharaohs. It was once inhabited by 8,000,000 people.

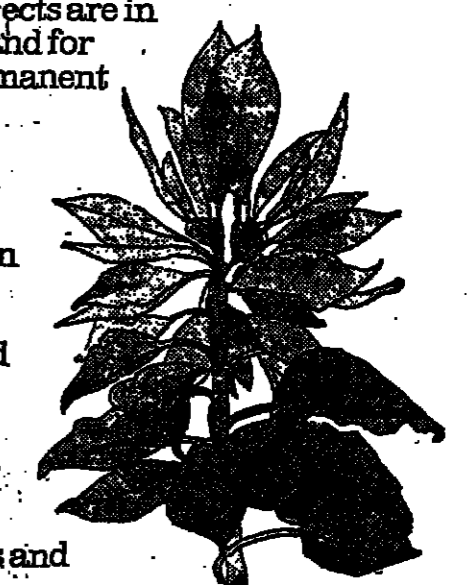
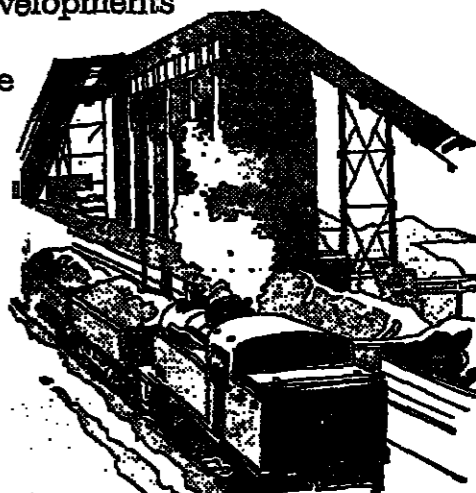
Extremely rich in natural fertilizers, the soil in this reclaimed area now produces crops of rice, corn, barley and alfalfa. Co-operative farming, cattle and fish breeding programmes complement plans to develop industries in an 8,000,000 acre area rich in proven reserves of gold, iron, phosphates and coal.

## A reflection of history

When, in 1922, Lord Carnarvon asked Howard Carter what it was he could see as he peered into Tutankhamun's tomb, Carter replied: "Wonderful things. I can see wonderful things."

Today, fifty-five years after their discovery and thousands of years since they were made, the 'wonderful things' from the boy King's tomb are still a fascination to the world. Their brilliantly executed craftsmanship and design alone belie their age, giving evidence of Egypt's majestic achievements as a nation in the forefront of almost every aspect of cultural, political and economic thought.

And, as the patterns of world trade change, as the features of the earth's face alter with each passing generation, the treasures of Tutankhamun and Rameses II remain immutable as 'ancient ambassadors' for a country which, with its forward-looking outlook and strong sense of purpose, is committed to a programme of growth and development the Pharaohs would be proud of.



# ARAB REPUBLIC OF EGYPT

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26 South Street, London, W1

incentives

WATER

room for

# Problems of inadequate planning

EGYPT'S ACUTE population problem has always tended to be overshadowed by discussions about debt repayments or industrialisation. But it is, in fact, fundamental and has two main aspects and imbalances. The first is that the rate of population growth inevitably erodes the pace at which the economy as a whole grows. Secondly, as more people leave the countryside for the great urban centres, such as Cairo, the balance between the rural and urban population is being altered — frequently for the worse as services become grossly overstretched.

It is ironic, too, that in terms of organisations the population problem has not been neglected but merely badly handled. A team of population experts from Europe recently met the representatives of no less than 50 organisations from the Cairo area alone at a cocktail party. It has been estimated that, from ministries to private charities, more than 1,000 groups are involved in Egypt's population problem — but, crucially, without authoritative direction from the Government. The production of learned and expert papers on every conceivable aspect of

Egypt's population has become a sub-industry — often with conflicting statistical evidence. In many senses it is a despairing task. Officials are resigned to the fact that Egypt's population will double in the next 30 years and pin their hopes vainly on the economy, changing rapidly enough to reshape social attitudes. But two basic facts stand out. First, the birth rate may well be on the increase again after painful decades of gradual decline. Secondly, the plans for redistributing the population by the end of the century are bound to be inadequate.

Statistics indicate simply the enormity of the population problem. In 1900 the population was 10m, and it had doubled by 1950. Last November the first census since 1960 was held, and its preliminary results have been published. The population is put at 88.2m, of which 1.5m were abroad and 147,000 still under Israeli occupation. The annual growth rate was estimated at 2.31 per cent, a fall from an average rate of 2.54 per cent during 1960-66. In the past 15 years, the fall has been most noticeable since 1964. Wars have had their effects. After the disastrous

defeat by Israel in 1967 a noticeable drop was recorded, but after the better military showing in 1973 a baby boom was experienced, mainly in the rural areas. The overall fact remains that, with land resources diminished as much as 10 per cent in the past two decades — a pace not matched by land reclamation — the population density is rising.

At the same time, there is concern among population specialists in Cairo about the accuracy of the preliminary findings. They cite the figures for the male-female breakdown — 1.04 to 1 — as being improbable on two counts. First, it is visibly inaccurate. Second, the predominance of males is a rare phenomenon. There are also some doubts about the accuracy of division of the population by religions. The growth rate, it has been suggested, may be nearer 2.4 per cent, and one senior Egyptian official put the country's population at 40m, and that of Greater Cairo at 11m.

The census figures illustrate dramatically the drift to the cities. Between 1960 and 1976 the proportion of town dwellers has risen from 38.4 to 43.9 per cent. Greater Cairo, whose annual growth rate is 4.1 per cent, has, according to the census, a population of 8m, and density of 23,737 people per sq. km. Alexandria, the second largest city, has 2.3m inhabitants. By the year 2000 it is estimated that Cairo's population will have reached 20m.

With only 3.5 per cent of its 387,000 square miles inhabitable, Egypt is one of the more crowded countries on earth. Projections made by the Ministry of Housing and Reconstruction suggest that by the year 2000 the population will have reached 70m, of which a mere 35.7 per cent will be living in the countryside. The main drawing areas have always been Cairo, Giza (an area of Cairo) and Alexandria. The Suez Canal cities of Port Said, Ismailiya and Suez, since the beginning of the reconstruction programmes, have once again begun to attract rural dwellers. Immigrants to Cairo come mainly from the southern Delta area, particularly the province of Menoufiya, and are aged chiefly between 20 and 39. Rural dwellers are drawn in by the crush on agricultural land, the centralisation of Government services, and employment opportunities. This has led also to an influx of people to provide services and products for the swollen urban populations. The imbalances so caused are considerable. Cairo, for example, has just over 20 per cent of the population but also two-thirds of the country's television sets, half its telephones, one-third of its doctors and two-thirds of its graduates. It consumes 27 per cent of Egypt's power and 40 per cent of its meat.

It is a bitter irony that Egypt's improved medical services — in March this year there were 2,278 health units operating in the countryside and 1,272 in the towns — may be responsible for an increase in the population growth rate. The death rate, at 11 or 12 per 1,000 will probably not fall much further. By contrast the infant mortality rate of 116 per 1,000

(compared with 200 in Niger and 39 in Somalia) is likely to decline. The result is that the growth rate will almost certainly rise to between 2.5 and 2.6 per cent.

In spite of the critical nature of the population problem, the Egyptian Government has never pushed or organised birth control as hard as it should. Although contraceptives have been on sale since 1955 and two years after the National Family Planning Board started opening clinics, it was not until November, 1965, that the Supreme Council for Family Planning was set up. It launched the first national plan in February of the following year. But neither the council nor the Board has had executive responsibility, which has remained divided between the Ministries of Health and Social Affairs.

But the Government has been up against severe problems. Tradition has favoured large families. Religion has been less of a problem here than is generally believed, as it opposes mainly only sterilisation and abortion. The desire for many children has stemmed more from superstition, the need for manpower in the fields and security in old age, fears of divorce in the event of childlessness and the high level of infant mortality.

There is a national plan for population control. As drawn up by the Supreme Council for Population and Family Planning, it covers the years from 1973 to 1982 and has as its targets the reduction of the birth rate to about 24 per 1,000 and the death rate to 13 per 1,000, giving an overall growth rate of 1.1 per cent a year. The general strategy is towards restraining the birth rate through the development of new social attitudes towards the size of a family, as the economic structure of the country changes under the influence of urbanisation, industrialisation, and greater employment of women and the mechanisation of agriculture. But the first drawback is that the bureaucracy involved is considerable, because responsibility for the execution of this plan lies not only with the

Supreme Council, but also with the Ministries of Education, Information, Culture, Health, Social Affairs, Local Administration, Manpower, Land Reclamation and Agriculture, and the now reduced political organisation, the Arab Socialist Union.

Secondly, on the ground there has been insufficient instruction in the use of contraceptives. Bureaucracy has held up supplies, and there has been a staff shortage. Too often, the handling of births has been left to the traditional midwives. But one encouraging development introduced this year has been the insertion into secondary level courses encouraging the idea that large families are harmful to the environment. Understandably, these courses stop short of sex instruction.

Looking to the future, the Government is working on regional development plans to direct the population away from the traditional urban centres. It is concentrating on three main areas. The first is along the Suez Canal. Port Said, Suez, and Ismailiya and the surrounding area are to be reconstructed to entertain a population of 3.1m. in the year 2000 in comparison with 0.8m. in 1976. This area has the advantage of offering opportunities for expansion without encroaching on agricultural land.

The second is the coastal zone of the Western Desert, with the intention of raising the population of such towns as Sallum, Sidi Barrani, Mersa Matrui and el-Hammam from the current level of 130,000 to just short of 800,000 in 2000.

The third area is the establishment of satellite towns in a ring about 50 to 60 km. away from Cairo. There are to be three cities: Sadat City on the Cairo-Alexandria desert road; Ramadan 10 between Cairo and Fayoum, and for which land purchase reservations began last month; and King Khaled City on the Ismailiya-Cairo.

EGYPT'S POPULATION (Per '000 population)

Year	Population (thousands)	Birth Rates	Death Rates
1952	21,437	45.2	17.8
1960	25,932	43.1	16.9
1961	26,679	44.1	15.5
1962	27,257	44.5	17.9
1967	30,807	39.2	14.2
1968	31,561	38.2	16.1
1969	32,501	37.0	14.5
1970	33,329	35.1	15.1
1971	34,076	35.1	13.2
1972	34,839	34.4	14.5
1973	35,615	35.1	12.9
1974*	36,417	35.9	12.4
1975*	37,250	n.a.	n.a.
1976†	38,228	n.a.	n.a.

\* Provisional  
† Estimate.  
‡ Census preliminary.  
Source: Central Agency for Public Mobilization and Statistics

## SUEZ

# Re-opening pays off

THE SUEZ CANAL is much the better run than anything else in Egypt. To visit its headquarters, an imposing white building rising high across the canal-side city of Ismailia, after hour Ahmed Mashhour, chairman of the SCA, has persuaded Cairo, is like arriving in another country. It proves the point — first made by President Nasser when he nationalised the Canal — that Egyptians have the skills to manage the most sophisticated of technical institutions. The problem is that in the rest of the country the motivation that clearly animates the men of the Suez Canal Authority (SCA) is for the most part sadly lacking.

The Canal's price structure was designed to bring back oil tankers which used to be far and away the most important users of the waterway. Because of the growth of supertankers during the eight years of closure only a small proportion of world tanker tonnage can pass through the Canal. Tanker traffic has increased to around 250 tankers a month (seven million Suez Canal net tons a month); these small and medium size tankers make up 40 per cent of transit cargo by tonnage.

The current slump in world-scale rates for tankers has hit the Suez Canal hard, but officials say that despite this seasonal drop, tanker tonnage is up on last year. However the real revival will only take place when the Suez Canal is large enough to take supertankers.

Meanwhile the SCA has been delighted at the sudden increase in container ships using the waterway since the special surcharge on container vessels was halved to 5 per cent in January this year. Last year the big container lines had virtually been boycotting the Suez Canal while the 10 per cent surcharge was being applied. Relations have since improved greatly and container traffic has doubled.

Now that container ship owners have got used to the Canal they have even agreed to a compromise through which

the SCA will get extra revenue from the newest container vessels. After talks arranged through the International Chamber of Shipping, Mr. Mashhour Ahmed Mashhour, chairman of the SCA, has persuaded the big three container lines — Scandinavian Overseas Containers, and Trio Lines — to pay 7½ per cent extra for the 40,000 ton and above container vessels that take four tiers of cargo.

It was a gamble for President Sadat to re-open the Suez Canal in 1975, after eight years of closure. It has paid off, politically, economically and financially.

The three Suez Canal cities have been repopulated and traffic through the Canal carries 54 ships a day which averages double the monthly tonnage of the days before closure of 1967. This year the Suez Canal is earning \$1.25m. a day.

## Longer

The SCA recognised before re-opening that oil tankers had grown so much larger than in 1967 that only a part of the modern fleet would be able to use the Canal. Work is underway on a project to widen and deepen the Canal bringing its draft at the end of the first stage of the project from 38 to 53 feet. This will permit oil tankers up to 150,000 tons laden or 350,000 tons in ballast to transit. First stage development was to have been completed in 1975 but it will take longer than anticipated and the target date is now mid 1980.

Mr. Mashhour explained in an interview: "It took 14 months to negotiate for the loans we need for development work. We didn't think it would take us so long."

He said that the SCA still intends to go ahead with plans for a second stage widening to take 67 feet draft ships which would allow passage to the largest supertankers. He added that the second stage still looked necessary according to studies done so far and that the position would be re-examined in another study in 1979.

Contracts for work on the first stage development, which will cost in all more than £1bn, have gone to Japanese, French and Italian companies who have been working in different sections of the Canal. Four more tenders will be awarded soon.

Money for the work has come from a number of sources. The Japanese Government lent \$140m. to cover three lots of work being undertaken by the Japanese Pentacore company. When President Sadat visits Tokyo in October, the SCA hopes a second loan for \$80m. will be made.

After the long period of negotiations, while a series of independent studies were made, Mr. Mashhour has come up with a number of loans. In June a \$50m. Saudi development loan was signed. He expects \$42m. from the Arab Fund for Economic and Social Development, \$20m. from the Kuwait Fund (now agreed) and \$50m. promised by Sheikh Zaid from Abu Dhabi's Development Fund. These loans will be repaid over long periods at between 3 and 5 per cent interest while a pledge of \$15m. from the Islamic Bank in Jiddah will be interest free.

In addition, the World Bank, which lent \$50m. during the clearance operations in 1974, has completed a study which is the basis of a draft agreement to lend \$100m. Mr. Mashhour hopes that this month the loan will be signed.

Along with tourism and the limited oil resources, the Suez Canal is the country's major hard currency earner. But revenues are not being ploughed directly back into development of the waterway but go direct to the cash-starved Treasury. The SCA keeps 10 per cent of revenues for its working budget but most of the development cost will come from loans. This indebtedness is, however, Egypt's healthiest since it is all long term and the money borrowed will give a quick return in increased income.

M.T.

TOURISM could have the potential to earn Egypt millions in hard currency. But it is also badly in need of a stimulus.

To provide just that, the Government has embarked on a five-year plan (1976-1980) to attract large numbers of tourists. Old hotels and buildings are being pulled down, existing sites cleared and new sites allocated for the new-look hotels, furnished tourist flats, holiday villages and camping sites which are to accommodate the rush of visitors expected in the coming years.

The Ministry plans to double existing accommodation by adding 45,000 beds by 1980. But expansion can have its disadvantages. To the dismay of many Cairenes and visitors, the charming Semiramis Hotel on the east bank of the Nile has been torn down. It is being replaced by a 840-room 22-storey Intercontinental. Next door, Shepherds is in the process of being renovated, and enlarged. A stone's throw downstream, the landward-facing entrance to the garden of the Nile Hilton is now a building site for a 400-bed extension.

A British company, Brent Walker, is building a 300-room U-shaped luxury hotel, El Salama, described as "the most luxurious hotel and comprehensive leisure facility in the

TOURIST TRAFFIC ('000)

	1971	1972	1973	1974	1975	Jan-July 1976
Arrivals	428	541	535	680	793	566
Arabs	260	314	333	412	438	306
Europeans	95	132	119	152	214	164
Americans	30	40	38	51	75	53
Others	43	55	45	65	66	43
Nights spent	5,979	6,614	4,992	6,294	5,855	3,651
Arabs	4,619	4,810	2,874	4,544	3,622	2,083
Europeans	827	1,095	777	1,050	1,410	1,020
Americans	189	286	186	293	428	291
Others	344	423	255	407	397	257
Total expenditure (£E mill.)	48.0	60.0	49.0	63.0	86.5	75.7
Expenditure per tourist (£E)	112	111	92	93	109	134

Source: Ministry of Tourism.

Middle East." Its 400 guests will find tennis courts, croquet lawns, golf courses, horse riding and six swimming pools provided for their enjoyment. It is due to open in 1978, by which time it is hoped the endemic water shortage that plagues Cairo will have been remedied.

On the Giza plateau, site of the three Great Pyramids, work has started on a giant £250m. project covering 10,000 acres which will, according to advance publicity, "transform this historic place into a tourist fairground on a site whose majesty invites silence, meditation and reverie."

## TOURISM

# Receiving a fresh stimulus

TOURIST TRAFFIC ('000)

	1971	1972	1973	1974	1975	Jan-July 1976
Arrivals	428	541	535	680	793	566
Arabs	260	314	333	412	438	306
Europeans	95	132	119	152	214	164
Americans	30	40	38	51	75	53
Others	43	55	45	65	66	43
Nights spent	5,979	6,614	4,992	6,294	5,855	3,651
Arabs	4,619	4,810	2,874	4,544	3,622	2,083
Europeans	827	1,095	777	1,050	1,410	1,020
Americans	189	286	186	293	428	291
Others	344	423	255	407	397	257
Total expenditure (£E mill.)	48.0	60.0	49.0	63.0	86.5	75.7
Expenditure per tourist (£E)	112	111	92	93	109	134

Source: Ministry of Tourism.

These objections were partially accepted for a 2km-wide no man's land has been added, so as to isolate those who revel in silent communion with the past from the disturbing presence of hordes of pleasure seekers.

In terms of hard cash, the Ministry of Tourism expects the "Pyramids Oasis" of 1977. After a slight dip in 1976, the number of tourists is expected to rise by 12 per cent in February 1977 and by 24 per cent in March.

In a recent state something more "scrupulous relations with the world."

There was a rush of visitors after the war. They came here urged by patriotic sentiments, a new pride — and a feeling should share perhaps their petro-dollars Egyptian people.

A further inducement that Egypt, pronounced Tourism, announced recently that 30 new hotels (6,000 beds) were due to be completed this year.

Outside Government circles, people in the tourist trade are wondering whether the current trend in tourism warrants these vast investments in ambitious luxury projects. They question whether there will be enough tourists to fill all those beds and able to afford the high rates that will have to be charged.

The private sector, which the Government is encouraging to invest in this field, is showing hesitation. Mr. Saino complained recently that although

licences had been granted private sector to set up this year, only two per cent of the allocated funds had been spent on execution of projects.

Mr. Hamed Abdel Secretary of State for Tourism is confident, however, an excellent, he says had close on a million visitors in 1976, compared with 800,000 in 1975. He says, "we are having reservations."

Income for the months of 1977 was £25m. compared with £24.3m. in 1976. Official statistics show the number of visitors in 1976 to be 281,233, with 298,003 in 1977.

been fewer Arab visitors, Abdel Meguid explains this was due to "stratagems with Libya." On the hand more Western tourists.

There was a sharp dip in the total number of tourists for the first three months of 1977. After a slight dip in 1976, the number of tourists is expected to rise by 12 per cent in February 1977 and by 24 per cent in March.

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Extensions to the Luxor and Karnak Hotels at Luxor and to the San Stefano at Alexandria, and to the Medinet Nasr in the Coptic style on the Mediterranean coast, floating hotels at Luxor and Aswan and a new hotel at Hurgada, on the Red Sea are among other projects of the plan.

The Government is investing £2300m. up to 1980. Mr. Muhibb Ramzi Saino, the Minister of Tourism, announced recently that 30 new hotels (6,000 beds) were due to be completed this year.

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Manchester. Tel. 021-624 2552.

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Irene

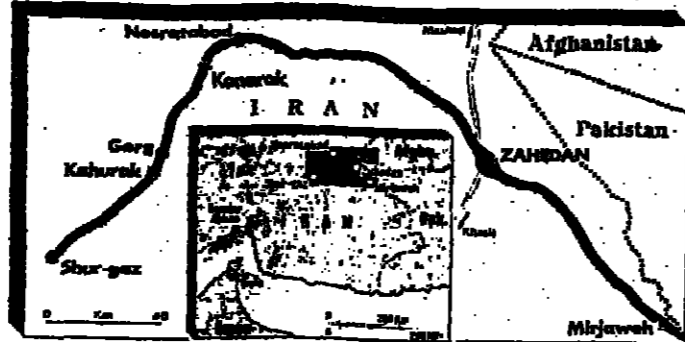
# Building sector finds a foreign connection

By MICHAEL CASSELL, Building Correspondent

RESSION in the U.K. of domestic work, the gloomy outlook and the repeated pleas to the Government to help find work at home, many another 18 months, is the only way left open to them, leave in its wake a depleted industry of responding to the underlying construction in the years ahead.

upturn in demand ve large sectors of the hopelessly unable to demand and another t of inflation in con- could quickly ensue.

figures showed that, n. by-ids companies e topping the list of bankruptcies with solvencies year, ment in an industry ther directly or in-ormally employs over e, now stands at reach the end of next year. istry is traditionally pendent on the public is work, with the t providing over no its business and no 90 per cent. of civil work. Yet public ding programmes will reduced by nearly 20 between 1975-76 in the wake of the t's anti-inflation pro-ional Economic Deve-vice has forecast that truction output will per cent. below the by the end of next hat new construction e will by then have almost 30 per cent. of the low levels



the past four or five years developed into a headlong rush and there can be few past examples of such a large-scale switch in an industry's resources from home to overseas.

Contractors are treading the rules upside down and operating from a weak market position at home. Some large builders, not even engaged in the type of civil engineering work normally associated with large foreign contracts, now have as much as 80 per cent. of their total turnover in overseas markets and they see little prospect of any major shift in the balance in the foreseeable future.

Government figures due out in October could well show that U.K. construction companies

overseas markets will not lightly be repeated.

Even the most experienced contractors have encountered difficulties in working in those countries where contract conditions are harsh, bureaucracy runs rife and the supply of materials and manpower present immense logistical problems.

And yet in many cases, there has been a switch to a contract famine at home and intense competition for what little work did become available.

Marple's Bidway, the building and civil engineering division of Bath and Portland, knows the feeling well. In 1975, faced with a sharp downturn in its U.K. workload and a particularly poor outlook on the road

building front, the company won a \$46m. "jumbo" contract to construct a 300 km. stretch of road in Southern Iran, close to the Pakistan and Afghanistan borders.

In many ways, the Marple's Bidway experience since the contract was signed with the Iranian Ministry of Roads and Transportation reflects the experiences of other contractors now operating in the Middle East.

The easiest part was certainly the announcement that it had won for itself the largest-ever highway job awarded by the Iranians, a contract at the time worth around half the total value of its construction order book.

substantial risks involved in such work. Such a move would also have provided the company with a larger pool of experienced overseas managers on which to draw, for although the company had previously carried out some contracts abroad it was comparatively inexperienced.

In spite of its efforts, however, no one could be found who was willing to participate and Marple's went ahead on its own with a contract which at least was protected against inflation, unlike most projects in hand throughout the neighbouring Arab nations.

The purchase of plant and equipment valued at about £12m. was started and almost at once the company ran into serious mobilisation problems when Iranian Customs and Excise officials objected to their importation, although their purchase from outside Iran had formed a condition of the contract.

But the problems were only just beginning. A serious shortage in Iran threw into chaos the timetable for culvert and bridge building—there are over 1,000 of them on the Marple's section—and progress payments by the Iranians began to fall behind in the wake of declining oil revenues. As a result, the company's interest charges rose and the Export Credit Guarantee Department stepped in to guarantee the group's overdraft. Work continued, although the contract was now running several months behind schedule.

Since the early troubles, the situation has improved and work is now expected to be completed by the end of next year, or early in 1979. In the meantime, Marple's continues to tackle daily the immense organisational problems involved in managing a contract spread out



Costain Process Engineering, at Das Island, Abu Dhabi. In many contracts in the Middle East, labour is drawn from local tribesmen.

over a route as long as the distance between London and Manchester.

Expatriates and labourers have all been housed in camps along the route, most of them lured by wages which are much higher than those they could expect in their home countries and subject to minimal tax rates.

With a style which characterised the British presence abroad during the days of the Empire, expatriates may swim or even play squash at the end of a desert working day which starts shortly after sunrise, the heat—temperatures regularly reach over 130 degrees Fahrenheit—and is then continued into the late afternoon. There is one day off a week.

The contract is consuming an estimated 450,000 gallons of expensive water a day and the workforce not only faces scorching temperatures but the danger of flash floods and violent sand storms which rip the paint

off vehicles and bring work to a standstill.

There are some benefits. Raw materials for road building are in good supply locally, with most of them simply quarried or dug and prepared for use by the company along the route. An unreliable but sometimes useful source of additional labour may arrive occasionally in the shape of a few local Baluchi tribesmen who descend from the hills and insist on work.

For Marple's, one of dozens of U.K. contractors attempting to offset the recession at home with work elsewhere, the Iran project is coming right. The company reports a big improvement in progress payments and at the beginning of July it announced a flow of profits from the contract which is now valued at over £60m.

Before long, it expects to be able to announce the winning of another Iranian contract worth about £50m.

There have for many years been a large and impressive list of U.K. contracting operations throughout the world, although there is no doubt that their efforts have been considerably more urgent since the onset of the domestic recession.

Decisions like those of Marple's are, at their crudest, a gamble which companies might prefer not to have taken but one about which they may have had a fairly restricted choice.

To date, there have been more successes than failures by contractors participating in overseas contracts, although it has often been a close thing. It remains to be seen whether they are inclined or even in a position to return home for a greater proportion of their work when the demand next arises.

## Letters to the Editor

**Back for sea**

Mr. Nalabar,

only you reported the problems of Chelsea club and today (July 28) you are reading Mr. Bullock on Chelsea and its future order book and prospects.

It is within these guidelines that we believe there should be an orderly return to free collective bargaining and that a wage explosion would be detrimental to the trade union movement and nation as a whole.

A. S. New,  
S. Bircham,  
East Cowes,  
Isle of Wight.

loyalty to our respective unions and to the directives that we have received concerning the attitude that we should take in future negotiations with our management.

We would, however, like to make it clear that as equally responsible members of our company we fully appreciate that whether under Phase III conditions or free bargaining we must take a free and sensible account of the financial position of our company and its future order book and prospects.

It is within these guidelines that we believe there should be an orderly return to free collective bargaining and that a wage explosion would be detrimental to the trade union movement and nation as a whole.

A. S. New,  
S. Bircham,  
East Cowes,  
Isle of Wight.

petitive in price; but these is a great deal that we can do at home to counteract this. Acting on by taking action at home can we remove the other obstacles to successful exporting—failures in delivery dates, quality, spare parts, after-sales service and so on. In addition falling import prices and falling interest rates will help both to counter-inflation and to encourage investment in the production of marketable goods and services. Some such encouragement is needed for the new investor and the innovator, now that about half the personal savings and wealth of the country are locked into pension funds.

Moreover, since the bank will not intervene to prevent the appreciation of sterling, a floating pound provides a safeguard against the squandering of the North Sea oil money, since the immediate constraints of the balance of payments deficit and of the public sector borrowing requirement have gone. It would be that much more difficult for any future Government to rebuke by encouraging private consumer spending beyond the rate sustainable by real economic growth and by excessive public spending rather than necessary public investment.

Because North Sea oil is a capital asset it is essential that as it is used, it is replaced by other investment, at home or abroad. So the next step to be taken is the removal of exchange controls. By the time that the North Sea oil money has replaced the balance of payments deficit and reduced the public sector borrowing requirement, I hope that the Government of the day will at least have started on their progressive elimination. It is important in the short term to encourage overseas investment in the United Kingdom, this adds to our income with wage drift would give an increase in total earnings of about 10 per cent.

We have repeated these arguments many times over the past few months. The danger for us all is that there are none so deaf as those who do not wish to hear.

John Methven,  
21, Tonhill Street, S.W.1.

standards of Arab journalism, and to report on sensitive issues which sadly the Arab press fails to cover, despite the increasing appetite of the new generation of Arab intellectuals to be properly informed. We see our move to London as an excellent opportunity to provide a free and wide coverage of the West's political trends and technological advances, which we hope in turn will assist in building bridges of goodwill between the Arab world and Europe. Nevertheless, we oppose big powers meddling in internal Arab affairs (Soviet and American alike), directly or by proxy.

Is there not a danger with a number of Arab publications now planned or operating from London that British journalists might become preoccupied with trying to find an Arab regime under every editor's desk rather than judging these publications on their editorial standards?

All Ballout,  
86-87, Compton Street, W.8.

## CBI norm for settlements

From the Director-General, Confederation of British Industry.

Sir—Samuel Brittan is unfair (Economic Viewpoint, July 28) in accusing the Confederation of British Industry of having advocated a 10 per cent. norm for pay settlements in the next 12 months. The CBI has consistently said that the rate of inflation in the U.K.—currently 17.7 per cent.—must be brought down to the levels of our major overseas competitors—currently Germany 4 per cent., United States 6.5 per cent., and Japan 9.5 per cent. If inflation in Britain is to be reduced to below 10 per cent. by this time next year, pay settlements must not exceed 5 per cent. or 6 per cent. This, although it adds to our income with wage drift would give an increase in total earnings of about 10 per cent.

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## Arab Press coverage

From the Editor, Ad Dastour.

Sir—While appreciating your Men and Matters report (July 27) on the relaunching of Ad Dastour magazine from London this week, I would like to take this opportunity to clarify the editorial policy since the very report that Ad Dastour is the mouthpiece for the Iraqi Government.

In fact, we enjoy friendly and harmonious relations with the Government in various Arab countries, both conservative and radical. As you point out, we are one of the largest circulation weeklies in Iraq, Libya and that membership in the small Gulf states such as Kuwait and the United Arab Emirates is also high.

It is true that there is an identity of views on certain issues held by Iraq and Ad Dastour, but there are also some areas in which we disagree, and certainly we are not a partisan publication. Our interview with Dr. George Habash, which was an exclusive many Western papers have been refused, reflects the importance of Palestinian opinion towards a Middle East settlement at this time. A few weeks earlier we carried an exclusive interview with PLO leader Yasser Arafat.

Our prime concern is to raise

## The Lib-Lab pact

From Mr. M. Minter.

Sir—It is ironic that the Lib-Lab pact should be renewed at the same time as the Government is considering a programme of measures to strengthen state control of the economy (the document produced by the TUC-Labour liaison committee).

I fought the last two General Elections as a Liberal in a Socialist seat. I was under the impression at the time that I was fighting for a free enterprise alternative. I have since resigned my candidature in disgust at the antics of Mr. David Steel who appears ready to swallow any amount of Socialism so long as he can avoid a General Election.

There was a time when Liberalism meant Free Trade, support for small business enterprise and championing the cause of individual freedom. Now it appears to mean support for statutory controls and the abolition of individual choice in such matters as education, Young Liberals stand shoulder to shoulder with Marxists outside the Granwick plant.

The continuation of the Lib-Lab deal for the remainder of this Parliament (and perhaps into the next?) robs the electors of a third choice. From now on those who are anti-Socialist (a substantial majority of the population) know that only the Conservative Party offers the possibility of a free economy.

Michael Minter,  
38, Great Thirift, Petts Wood, Kent.

## Who can cure inflation?

From Mr. A. Macgregor.

Sir—Mr. D. Trigwell contends (July 26) that if accountants cannot cure inflation no one can. Your own recent survey on accountancy stated Britain had more qualified accountants than the rest of Europe—our comparatively high rate of inflation is in part perhaps due to that fact. When accountants learn to invent, design, manufacture, market and sell they will be ready to help cure inflation. This should not detract from Mr. Trigwell's positive attitude that he wishes to evolve a system of accountancy that will help those who can cure inflation.

Who can cure inflation?

Macgregor,  
6 Kidare Court,  
Kidare Terrace, W.4.

## Floating pound

From Mr. Maurice Macmillan, MP.

Sir—At last the Government has decided to stop deliberately adding to inflation through the hidden devaluation of sterling which it achieved by the policy of bank intervention to keep the value of the pound tied to the falling value of the dollar. This was suggested by a number of members of Parliament, including myself, in the counter-inflation debate on July 20. The views we expressed in this debate have considerable backing from academic and expert opinion, although there are many conflicting opinions—even among the experts.

Some may feel, as I do, that the Government has not yet gone far enough; that the pound should not be kept at an artificial value by bank intervention to maintain the value of the pound even at the new "effective rate" of sterling in relation to the currencies of our 21 major trading partners, weighted according to the size of our trade with them in 1972. I suggest that the Treasury and the bank should now prepare for floating pound by the end of the year, to enable the Government to formulate more realistic policies for 1978-79.

The revaluation of the pound could make our exports less com-

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Who can cure inflation?

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6 Kidare Court,  
Kidare Terrace, W.4.

## To-day's Events

**GENERAL**  
Phase Two of pay policy now ended.  
From to-day, Export Credit Guarantee Department (ECGD) provides cover against exchange rate fluctuations during period between tender and actual award of a contract.  
Mr. Cyrus Vance, U.S. Secretary of State, leaves for Middle East in attempt to persuade Arab leaders to attend Geneva peace conference later in year.  
CBI Employment Policy Committee and Northern Regional Council meet.

**Wales** begins, Wrexham, (until August 6).  
Exhibition of Western Australia stamps opens, Gibbons Gallery, 29, Strand, W.C.2, at noon (then until August 30, from 9.30 a.m. to 4.30 p.m.).  
Official statistics: Building society house prices and mortgage advances (2nd quarter).  
Company meetings: Science conference, Liverpool. Jamaica Independence Day. Royal National Eisteddfod of page 8.

**LUNCHTIME MUSIC**  
Bryan Hoeford gives organ recital, St. Michael, Cornhill, E.C.3, 1 p.m.  
**OPERA**  
Glyndebourne Festival Opera, Lewes, East Sussex: Verdi's "Falstaff", 3.30 p.m.  
**BALLET**  
Ballet Folklorico of Mexico, Royal Festival Hall, S.E.1, 7.30 p.m.  
**SPORT**  
Cricket: Third Test, England v. Australia, Trent Bridge; MCC v. Ireland, Lord's; Yachting: Cowes Week.

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IMI ISTITUTO MOBILIARE ITALIANO Annual Meeting - July 14, 1977

The Shareholders of Istituto Mobiliare Italiano (IMI) held in Rome on July 14, under the chairmanship of Mr. Giorgio Cappon...

all-time high in fund raising, after the already considerable results achieved in the preceding fiscal years...

BALANCE SHEET SUMMARY AS AT MARCH 31, 1977

Table with columns for LIABILITIES, ASSETS, and Contra Accounts. Includes sub-totals for GRAND TOTAL.

STATEMENT OF INCOME AND EXPENDITURES AS AT MARCH 31, 1977. Includes sections for EXPENDITURES AND LOSSES, INCOME AND PROFITS, and NET INCOME FOR THE FISCAL YEAR.

Senior changes at Vantona Moët-Hennessy

Dr. J. A. Blackburn has resigned as joint managing director and from the Board of VANTONA GROUP. Mr. D. Alliance is now sole group chief executive...

At its meeting on 21st July, 1977, the Board of Directors of Moët-Hennessy approved the accounts for the financial year ended 30th June, 1977...

- 1. To change the financial year, so that it runs from 1st January to 31st December, from 1st January. As an interim measure, the current account will only six months, from 1st July, 1977 to 31st Dec 1977.

BOND DRAWING

THE NORWEGIAN STATE AND MUNICIPAL POWER CONSORTIUM SIRA-KVIINA KRAFTSELSKAP 7 1/2% Sterling/Deutsche-Mark Bonds 1983

Large table listing bond numbers and redemption dates for the Norwegian State and Municipal Power Consortium.

Call to check pharmaceutical imports rise

Financial Times Reporter. AN APPEAL to the Government to help check the continuing rise in pharmaceutical imports was made by Mr. Frank Goulding...

ROTHSCHILD INVESTMENT TRUST LIMITED. NET ASSET VALUE PER £1 ORDINARY SHARE AT 31ST MARCH 1977, 1976. Includes financial summary and earnings per share.

More members for council of engineers

THREE NEW organisations—representing metallurgists, nuclear and highway engineers—have been elected to the council of Engineering Institutions.

Off-peak phone charges reduced

PEOPLE making cheap-rate local telephone calls on STD will get more for their money from today when the time bought for 3p drops from 8 to 12 minutes.

PLANT & MACHINERY SALES. Description, Price, Telephone. Includes details for rolling mills, wire drawing machines, and scrapers.

NOTICE To the holders of the Floating Rate, London Dollar Certificates of Deposit due August, 1982 of: DOW BANKING CORPORATION

CLUBS. Various club listings including football clubs, tennis clubs, and other recreational groups.





OVERSEAS MARKETS

EUROBONDS

Rise in U.S. money supply hits dollar sector

BY MARY CAMPBELL

FOR THE first time in two weeks dealers were last Friday in general agreement at least on what the dollar market would not do—rise. Eurodollar bond prices, which had moved up strongly in the first three days of last week, showed signs of slackening on Thursday and, following the announcement of the latest week's near record rise in U.S. money supply over Thursday night, fell back extremely sharply at the opening on Friday.

Although prices recovered somewhat during the day, and ended the week in the case of many recent issues up on levels of a week earlier, they fell between a quarter and half a point on Friday itself.

The main question in the markets now is whether dollar bond yields will rise, and if so by how much. The market events of the last few weeks suggest that in a situation of low new issue activity at least, the weakness of the dollar is no longer enough to push down prices of dollar bonds. The factors of real importance are therefore likely to be U.S. money supply and interest rate developments, and the extent to which new issues mop up what appear to be inevitable inflows.

now is similar to that of early May when a sharp rise in the Federal funds rate, combined with rises in U.S. monetary aggregates, was accompanied by rises in Eurodollar interest rates and marked weakness in dollar Eurobonds. This time around, the money supply looks as though it is growing rather faster than in May. Federal funds and Eurodollar interest rates have moved up sharply in two days alone.

There are two main differences between the situation in May and the current position. In the first place, the rise in Eurodollar rates in May came on the heels of several weeks of heavy new issue activity and the quantity of new paper which the market had to digest was of itself considered by some a sufficient cause for a downturn in prices. This time round, the interest rate rise follows several weeks of slack new issue activity.

The other main difference is in the outlook for economic growth in the United States. The latest GNP figures show that the U.S. economy has been growing very fast—at a seasonally adjusted real rate of 6.4 per cent. in the second quarter of the year, after a 7.5 per cent. rate in the first quarter.

The question of whether there will be a downturn in U.S. economic activity in the second half of this year on the pattern of last year is hotly debated. But, although a minimum of three consecutive monthly falls are considered necessary before one should conclude that the growth pattern has turned, the U.S. index figures for the first three months of this year are leading economic indicators will certainly strengthen the position of those arguing that a downturn is on the way.

As far as the details of Friday's trading are concerned, two points stand out. First, dealers were all but unanimous that there was no sign of retail selling—that the big price falls at the opening consisted of precautionary marking down by dealers and that the selling which was seen during the day came primarily from within the market.

Second, in contrast to previous bouts of weakness in the market this year, the rush to cut the size of books by disposing of that which was most marketable does not seem to have resulted in pressure on floating rate notes. One dealer suggested that this might have been because marginal holders of bonds had already disposed of

their FRN holdings earlier in the year. Outside the dollar sector the Swiss franc market is continuing particularly strongly. Terms of the latest issue, for New Brunswick, mark a quarter point cut in the coupon level to 3 1/2 per cent, the lowest seen so far (apart from one issue by Phillips). The issuing of private placements in Swiss francs for foreign borrowers has picked right up again from the very low levels reached in the second quarter of this year.

A number of private placements running into hundreds of millions of Swiss francs are currently being arranged on terms ranging from five per cent for five years upwards. Quebec Hydro alone is reportedly raising Sw.Frs.300m.

The dollar sector went through a slightly weaker phase in mid-week with the rise in the dollar, but ended the week strongly. The new issue news is in general sparse this week. In addition to those shown in the table, Mafco is raising a \$30m and Sw.Frs.50m. private placement under guarantee of Petrofina. A second D-mark private placement is being arranged by Bayerische Vereinsbank and European Banking Company for Adela Investment

Corporation—the DM20m. five year notes offer 7 per cent at few weeks ago. Mexico's later this week—it is expected, compared with terms of 7 1/2 Comision Federal de Electricidad to offer 7 1/2 per cent. on a per cent. at par on the earlier is launching a DM60m. place-year maturity.

CURRENT EUROBOND ISSUES

Table with columns: Borrowers, Amount m., Maturity years, Coupon %, Price, Lead manager. Includes entries for U.S. DOLLARS, D-MARKS, SWISS FRANCS, and LUXEMBOURG FRANCS.

BONDTRADE INDEX 1977

Table with columns: July 29, July 20, High, Low. Rows: Medium term, Long term, Convertible.

EUROBOND TURNOVER (Nominal value \$m.)

Table with columns: U.S. Bonds, Other Bonds, Last week, Previous week, Euroclear.

Indices

NEW YORK DOW JONES

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

STANDARD AND POORS

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

U.S. & ALL COMMON

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

MONTREAL

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

TORONTO

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

JORAN d'ESBURG

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

GERMANY

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

JOHANNESBURG

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

AUSTRALIA

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

PARIS

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

VIENNA

Table with columns: July 29, July 28, July 27, July 26, July 25, High, Low, High, Low. Rows: Industrial, Utility, Transport, Composite.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various US stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25, High, Low, Stock, July 29, 28, 27, 26, 25.

AMSTERDAM

Table listing various Amsterdam stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

CANADA

Table listing various Canadian stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

COPENHAGEN

Table listing various Copenhagen stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

BRUSSELS/LUXEMBOURG

Table listing various Brussels/Luxembourg stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

STOCKHOLM

Table listing various Stockholm stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

OSLO

Table listing various Oslo stocks with columns for High, Low, Stock, July 29, 28, 27, 26, 25.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others, including their names, managers, and performance data.

Table listing offshore and overseas funds such as Fidelity Mgmt. & Res. (Eda.) Ltd., Kemps Management Jersey Ltd., and others, including their names, managers, and performance data.

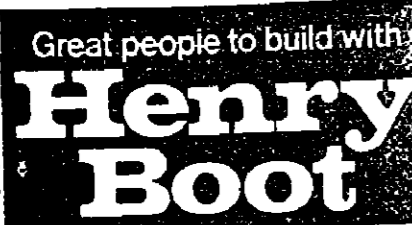
Table titled 'OFFICIAL TIMES STOCK INDICES' showing various stock market indices like the FTSE 100, FTSE 250, and others, along with their values and percentage changes.

Table titled 'S AND LOWS' and 'S.E. ACTIVITY' showing stock price movements and activity for various sectors and companies.

Large advertisement for 'INSURANCE, PROPERTY, BONDS' featuring various insurance and investment products from companies like Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Soc. Ltd., and others.

Text block containing financial news, market commentary, and information regarding the Singapore appeal council bill.

Text block containing financial news, market commentary, and information regarding the insurance base rates.



Henry Boot Construction Limited Sheffield. Tel: 0246-410111

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div, Yield, and other metrics.

INTERNATIONAL BANK

Table of International Bank shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, Div, Yield, and other metrics.

CORPORATE AND AFRICAN LOANS

Table of Corporate and African Loans with columns for Name, Stock, Price, Div, Yield, and other metrics.

LOANS (Contd.)

Table of Loans (Continued) with columns for Name, Stock, Price, Div, Yield, and other metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Stock, Price, Div, Yield, and other metrics.

CANADIANS

Table of Canadian shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

BUILDING INDUSTRY, TIMBER AND RAILS

Table of Building Industry, Timber and Rails shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

BUILDING INDUSTRY - Continued

Table of Building Industry (Continued) shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES - Continued

Table of Drapery and Stores (Continued) shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

ELECTRICAL AND RADIO

Table of Electrical and Radio shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

AMERICANS

Table of American shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES - Continued

Table of Drapery and Stores (Continued) shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

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FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

AMERICANS

Table of American shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

ENGINEERING - Continued

Table of Engineering (Continued) shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

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ENGINEERING - Continued

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DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

AMERICANS

Table of American shares with columns for Name, Stock, Price, Div, Yield, and other metrics.

Handwritten Arabic text at the top of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft related companies such as Rover, Jaguar, and British Aerospace.

PROPERTY—Continued

Table of property-related stocks and companies, including various real estate and construction firms.

TRUSTS—Continued

Table listing various trusts and investment funds, such as the Guinness Trust and the Anglo-Siam Trust.

TRUSTS—Continued

Continuation of the trusts table, listing more investment vehicles and their performance.

Advertisement for SANWA BANK, Tokyo, Japan, featuring the slogan 'Serving the world with financial expertise.'

Table titled 'MINES—Continued' listing various mining companies and their stock prices.

Table titled 'AUSTRALIAN' listing Australian-based companies and their market data.

Table titled 'TINS' listing tin-related companies and their stock prices.

Table titled 'COPPER' listing copper-related companies and their market performance.

Table titled 'MISCELLANEOUS' listing various other companies and their stock prices.

NOTES section containing various financial notices and company announcements.

Garages and Distributors

Table listing garage and distributor companies, such as British Leyland and Jaguar.

SHIPPING

Table listing shipping companies and their stock prices.

SHOES AND LEATHER

Table listing shoe and leather-related companies.

SOUTH AFRICANS

Table listing South African companies and their market data.

OVERSEAS TRADERS

Table listing overseas trading companies and their stock prices.

RUBBERS AND SISALS

Table listing rubber and sisal companies and their market performance.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

TEXTILES

Table listing textile companies and their stock prices.

TEAS

Table listing tea-related companies and their market data.

INDIA AND BANGLADESH

Table listing companies from India and Bangladesh.

SRI LANKA

Table listing Sri Lankan companies and their stock prices.

AFRICA

Table listing African companies and their market performance.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

PROPERTY

Table listing property-related companies and their stock prices.

TOBACCO

Table listing tobacco companies and their market data.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

WESTERN RAND

Table listing Western Rand companies and their stock prices.

EASTERN RAND

Table listing Eastern Rand companies and their market performance.

INSURANCE

Table listing insurance companies and their stock prices.

FINANCE, LAND, ETC.

Table listing finance, land, and other miscellaneous companies.

TRUSTS, FINANCE, LAND

Continuation of the trusts, finance, and land table.

FAR WEST RAND

Table listing Far West Rand companies and their stock prices.

O.F.S.

Table listing O.F.S. (Overseas Finance and Securities) companies.

FINANCE

Table listing various finance companies and their market data.

REGIONAL MARKETS

Table listing regional market data for various countries and regions.

OPTIONS

Table listing options market data, including 3-month call rates.

DIAMOND AND PLATINUM

Table listing diamond and platinum market data.



## Package to aid Ulster economy

BY GILES MERRITT

MR. ROY MASON, the Northern Ireland Secretary, will announce in Belfast today a package of measures aimed at relieving Ulster's worsening economic difficulties.

They are likely to range from re-styling its industrial investment incentives to further aid for the Northern Ireland Electricity Service.

At 13 per cent, unemployment in Northern Ireland is almost twice as high as in Britain. During the past three years it has nearly tripled.

The annual subvention paid by the British Government to balance Ulster's dwindling tax receipts against its rising public spending commitment is likely to increase by around 40 per cent in the next financial year.

The present sum is £900m. The four being discussed by senior officials now preparing 1978-79 estimates is between £1.4bn and £1.6bn. For the financial year ended April 1974, the subvention was £313m.

### Energetic

Since taking over as Northern Ireland Secretary last September, Mr. Mason has sought hard to insulate the Province against Government spending cuts. He has maintained employment subsidies and the sponsorship of industrial development.

Also, he has presided over the £60m-plus deal recently by Harland and Wolff for two LPG carriers to be used by Shell, the first orders the ailing shipyard had received in three years. Together with his Ministers at the Northern Ireland Office, he has energetically focused attention on Ulster's economy.

It is generally acknowledged in Ulster that Mr. Mason's efforts have slowed the increase in unemployment.

But the signs are that his package will fail to provide the two measures that industry is urging—direct subsidies to bring Ulster's high electricity charges in line with mainland Britain's and "tax holidays" for outside industrial investors that would put Ulster's incentives on a par with those being offered by the Irish Republic.

In early April the Government announced that it was writing-off the £24m. operating deficit of the Electricity Service up to March 31, 1977, and had advised that industrial and commercial prices be frozen.

### Burden

It is understood that Mr. Mason's further measures will involve restructuring the Electricity Service and writing-off its overall £350m. Government borrowings so as to remove the heavy interest burden.

The indications from Stormont Castle are, however, that no direct aid will be made available to reduce electricity charges to industry, which the Electricity Service has said can cost large users 30 to 70 per cent. more than in the rest of the U.K.

Subsidies that would bring energy charges in Ulster into line with Britain's were among the recommendations made last autumn by the Quigley Report on the Province's economic outlook. The report, which was commissioned by the British Government, warned that unless a number of steps were taken urgently 25,000 jobs in manufacturing industry and agriculture would disappear by 1980.

Quigley's forecast suggests a looming unemployment level of about 18 per cent. The report advocated a number of measures that the Government should consider. Taken together, they would cost around £500m. over the next few years.

Northern Ireland's range of industrial investment incentives is expected to be updated and improved, but there seems no likelihood that Ulster will be allowed to match the Republic's highly competitive offer of concessions on corporate taxation.

Apart from the revenue losses involved, such tax-holiday systems are already the subject of controversies within the EEC.

Mr. Mason is due to confirm the identity of the new chairman of Northern Ireland's Advisory Economic Council, which has been cut from 30 to 15 members. The new chairman is Professor Charles Carter, vice-chancellor of Lancaster University. This appointment was leaked last week in a Belfast newspaper.

## World trade curbs growing says IMF

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 31.

THE International Monetary Fund has found a discernibly higher incidence of trade protectionism around the world in the past 18 months, since the emergence from the 1974-75 global recession.

The comprehensive annual survey of exchange restrictions is to be published in the IMF's monthly survey, out to-morrow. Apart from its general conclusion and some random observations, it indulges in no criticism per se and concentrates largely on listing cases of greater recourse to curbs on trade.

Last year's survey had noted that the 1974-75 recession and the consequent serious balance of payments problems of many countries had prompted the imposition of innumerable restrictions on trade.

"During 1976 and early 1977," this year's survey says, "there was a further drift towards the application of restrictions on current payments and transfers. This occurred under pressure for increased protection arising in part from high levels of unemployment, especially in labour-intensive industries in the industrialised world."

A higher volume of world trade in 1976 compared with the previous year—did help countries to resist

pressures to impose current greater liberalisation.

The four categories where curbs have become more prevalent cover quantitative import controls, the use of import surcharges and taxes, advance import deposit schemes, and other measures affecting payments for imports.

The first of these includes not only cases where higher tariffs or selective quotas have been imposed, it also includes agreements that the U.S. in particular has taken the lead in negotiating on a number of points in lieu of either quotas or higher tariffs.

The use of import surcharges and taxes was more widespread in 1976 than in 1975—though this had to be matched against tariff cuts applied to new members of the EEC and between EEC and EFTA countries.

There was also a trend to increased use of advance import deposit schemes.

While traditionally export restraint agreements had tended to be between industrial and developing nations, the survey observes, recently they have been used to curb trade between developed nations.

The survey breaks down the types of curbs imposed into eight categories: in four of these it finds a trend to greater controls, in two no discernible trend, and in two more a tendency to

## Leyland to invest £32m. in heavy trucks plant

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND is to invest almost £32m. in its Lancashire plant during the next two years in an effort to strengthen its position among the group of leading European heavy commercial vehicle producers.

The investment, sanctioned by the National Enterprise Board and the Department of Industry, will go into a new assembly hall for heavy vehicles of more than 24 tons.

This will double the company's potential output for trucks of this kind to about 20,000 a year, and will bring Leyland into the same capacity range as Mercedes, the Fiat-based Iveco organisation, Volvo and Scania.

Over the longer term the new project, which will employ 1,580 men, could create of 500 new jobs. Shop stewards have welcomed the plan and accepted that it will require "changes in working conditions and methods."

With the latest announcement of its plans for heavy trucks, Leyland has now laid out the basic pattern for the development of its commercial vehicle activities into the 1980s.

In its two other divisions—buses and light/medium trucks—the Truck and Bus Group has already embarked on new investment projects on a fresh range of vehicles.

On the bus side, the group has decided to go ahead with its controversial B15 model, which will be made at the old AEC factory at Southall in London; and the medium/light vehicle division has embarked on a £20m. reorganisation and expansion of its two Scottish factories at Bathgate and Alton.

The Leyland investment, however, is probably the most crucial item in the future of the Group, which has continued to make profits for British Leyland even during the company's worst years.

Heavy trucks were the basis of the spectacular success of the old Leyland organisation, which went on from its success in this sector to become the main ration-

alising force in the British motor industry.

But in recent years this end of the Leyland business has lost market share steadily in Britain and run into a number of technical problems on engines, while falling behind European competitors in vehicle development.

Leyland's prospects for recovering this position now depend on the development of a new range of vehicles to take the company into the 1980s.

Continued from Page 1

## New crisis looms

party, conceded that there was still a long way to go.

Speed is now important as the whole operation could be over-taken by wage pressures within Leyland. Stewards representing the 20,000 manual workers at Longbridge, who traditionally set the pace in the annual wage round, will be seeking talks with the management to-day in pursuit of their claim for a more than 20 per cent. wage increase from November 1.

They will refuse to be deflected from their goal by the working party talks. More than 10,000 Leyland workers have still not settled under Phase Two agreements due to be implemented at Jaguar, on April 1, and at Triumph, Canley, on July 1.

The biggest threat hanging over Thursday's talks will be the toolmakers. Mr. Roy Fraser, leader of the unofficial strike and now a member of the working party, said last night that little progress had been made on the two issues at the centre of the month-long strike—plants of earnings between plants and improved differentials for the skilled men.

Whatever happens on Thursday, it seems likely that the unofficial tool committee will recommend complete withdrawal from the working party to a mass meeting, scheduled for Birmingham Town Hall next Monday. A one-day protest strike has been called and up to 2,000 are expected to attend.

The toolmakers are likely to keep the threat of an all-out strike in reserve, but to seek direct negotiations with management. This will provide renewed problems for the national executive of the AUEW, the engineers' union, which has been warned by the unofficial committee that disloyalty is again mounting within the Leyland toolrooms.

## Big boost to reserves likely to be disclosed to-morrow

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A VERY LARGE increase in Britain's official reserves during the last month will be announced by the Treasury to-morrow afternoon.

Foreign exchange market estimates of the underlying inflow during July are as high as \$1.5bn-\$2bn. The actual rise reported to-morrow though, may be smaller because of delays in the timing of receipts and the closing of the books on the July figures in the middle of last week.

At the end of June, the reserves were already at a record \$11.57bn, compared with \$4.13bn. at the beginning of the year.

The large inflow in July was mainly the result of the official policy followed until last Wednesday of linking sterling with the dollar, so attracting large amounts of foreign currency

There appears to be official reluctance to go much further at this stage, partly on the view that some of the volatile inflows could be withdrawn in May, if there is unfavourable news on pay, for example.

If the inflows continue, however, the authorities may be forced to consider other action, such as a fall in short-term interest rates and an appreciation in the trade-weighted index (to which the pound is now linked). The latter course is still strongly resisted in parts of Whitehall.

In the longer-term, the sharp rise in the reserves and the relatively fast foreign exchange market response to the break-down of Phase Three pay talks, the authorities decided last week to cut the links between sterling and the dollar in order to relieve some of the pressure.

Phase Three inflows on the recent scale significantly boost the money supply. In view of this and the market response to the break-down of Phase Three pay talks, the authorities decided last week to cut the links between sterling and the dollar in order to relieve some of the pressure.

Existing controls on both inward and outward investments are described as "confusing, chaotic and overlapping, spanning more than half a dozen departments as well as the Bank of England." The paper says that a Foreign Investment Unit must be created as a matter of urgency to co-ordinate all Government dealings with multi-

## Consumer credit cards dispute

BY MICHAEL BLANDEN

THE OFFICE of Fair Trading and the two big credit-card companies, Access and Barclaycard, are in dispute over the effect of the new Consumer Credit Act on more than 6m. card holders.

A section of the new Act gives an individual the right to claim against the lender as well as against the retailer for faulty goods bought on credit where the lender has a direct agreement with the retailer.

This provision, under section 75 of the Act, applies to what are known as "debtor-creditor-supplier" agreements regulated by the Act. Typically, these cover the normal hire-purchase or instalment credit deals, where dealers effectively act as agents for the lending company. But it will also apply to credit-card transactions regulated by the Act.

The Act came into force on July 1, but credit-card companies are resisting suggestions that the new protection will apply to people who held credit-cards before that date.

By contrast, the Office of Fair Trading contends that when a new card is issued to an existing holder it represents a modification of the agreement between the card company and the customer which is sufficient for the new regulations to apply.

Card companies maintain that this is not the case. They say that a new agreement with a card holder is made only when he first takes out a card. The issue of a replacement card is in their view merely the continuation of the existing agreement. This situation is in itself undesirable since it creates two groups of card holders.

Only those who take out a card for the first time after July 1 will benefit from the new protection, say the card companies. Generally, they took out cards before this date will not be protected.

The reluctance of card companies to accept the new liability arises mainly out of what they regard as the excessively onerous conditions which would apply. Generally, they have always been prepared to help a card holder with a grievance against a retailer, where necessary using the sanction of their ability to remove an offender from their list of outlets. They hope to continue providing this voluntary protection for their customers.

Card companies are concerned that under the Act they could become liable for the whole cost of the goods involved in a transaction and consequently lose even if credit was given only for a proportion.

The regulations apply to all transactions involving an Access or Barclaycard, even where the customer pays the full amount on demand and thus took no credit.

Other cards such as American Express and Diners Club are not covered because they provide no extended credit. Discussion of the problem continues, but at present there is no sign of agreement.

### Onerous

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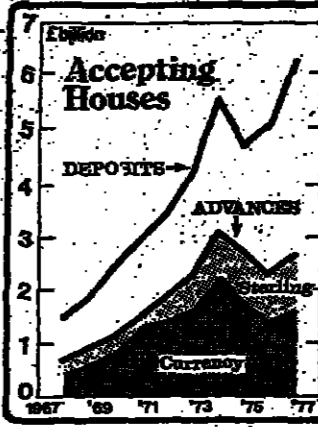
### Weather

U.K. TODAY  
DRY with sunny spells in England and Wales. Cloudy in N. Ireland and Scotland.  
London, S.E., Cent. S., E., Cent. N. England, E. Anglia, W. Midlands, W. Wales  
W. England, E. Anglia, W. Midlands, W. Wales  
W. England, E. Anglia, W. Midlands, W. Wales

BUSINESS CENTRES		HOLIDAY RESORTS	
City	Y'day	City	Y'day
	mid-day		mid-day
Alexandria	F 21	Madrid	S 21
Amsterdam	F 21	Manchester	S 21
Antwerp	F 21	Manchester	S 21
Bahrain	F 21	Manchester	S 21
Bangkok	F 21	Manchester	S 21
Batavia	F 21	Manchester	S 21
Bombay	F 21	Manchester	S 21
Buenos Aires	F 21	Manchester	S 21
Calcutta	F 21	Manchester	S 21
Canton	F 21	Manchester	S 21
Cebu	F 21	Manchester	S 21
Colon	F 21	Manchester	S 21
Hankow	F 21	Manchester	S 21
Hong Kong	F 21	Manchester	S 21
Kobe	F 21	Manchester	S 21
London	F 21	Manchester	S 21
Lyons	F 21	Manchester	S 21
Manila	F 21	Manchester	S 21
Medan	F 21	Manchester	S 21
Osaka	F 21	Manchester	S 21
Paris	F 21	Manchester	S 21
Perth	F 21	Manchester	S 21
Rangoon	F 21	Manchester	S 21
San Francisco	F 21	Manchester	S 21
Singapore	F 21	Manchester	S 21
Sourabaya	F 21	Manchester	S 21
Taipei	F 21	Manchester	S 21
Tokyo	F 21	Manchester	S 21
Yokohama	F 21	Manchester	S 21

### THE LEX COLUMN

## Accepting houses lift the veil



Like so much of the evidence to the Wilson Committee the accepting houses submission is more interesting for what it reveals about the banks themselves than for the solutions proffered. The merchant banks have not removed all their traditional veils of secrecy, but nevertheless, they have said more about their business than they have ever done before.

Quite naturally, given the political pedigree of the Wilson Committee, the accepting houses are eager to dispel any suggestion that they are making excessive profits. Normally about half their deposits are maintained in highly liquid assets and it is extremely unusual for the gross margin on these assets to be greater than a half per cent per annum. By the same token their lending does not appear to be particularly profitable: the typical margin on advances to first class borrowers is "of the order of 1 per cent," before providing for administration costs.

On another sensitive issue, however, they are less forthcoming. They give no explanation as to why their property advances and lending to the financial sector generally are twice as high as the average for the banking sector as a whole.

Size

In terms of financial muscle, the accepting houses are now syndicated for the U.K. this year—\$1.5bn. for the Treasury and \$855m. for the British National Oil Corp.—no U.K. accounting for about 4 per cent of the total assets of banks in the U.K. Ranked in terms of sterling deposits, for example, they are slightly larger than the Scottish clearing banks but not much more than half the size of the London branches of U.S. banks. However, they are a much more potent force in the market place than these figures suggest if the amount of funds which they mobilise is taken into consideration.

The accepting houses have outstanding loans of only £3.5bn. (including acceptances), but they claim to have put together another £8.5bn. in the form of syndicated loans and export credits. This is the first time anyone has publicly tried to analyse this type of lending and the information is interesting. Of the £2.2bn. of syndicated sterling credits, a third has gone to U.K. manufacturing industry and slightly more overseas. In their role as lead managers the accepting houses have provided just under 12 per cent

size of their investment folios it is believed to be as large these days.

Savings flows

The cash inflow of the financial institutions in the first quarter of this year, which is fifth higher than in the first three months. And same period, the personal sold £530m. of securities—the highest disinvestment for over years, comparing with in the whole of 1976.

The release of these at the end of last week with further warnings from Stock Exchange and the ing houses about the posed to the efficiency capital market by the det the private investor. Th gest that the trends are, thing, accelerating.

This surge in insti cash flow was almost concentrated within the funds, where the takings exceeded £1bn. first time. As a result increase, the Institution as a whole finished the with a higher degree of than might have been a given the level of their ment in Government during the period.

At £1.2bn., their gi chases were only about appea

At £1.2bn., their gi chases were only about appea

less than in the freaki quarter of 1976, wh Government Broker's all records with nearly of sales. The pension increased activity in market is striking; u second half of last year thing like half their es, wash would typically be towards the equity mar in January-March this y purchases of gilts et those of equities by a of comfortably more t one. At the same t FT Government Securiti rose by nearly a fifth.

Equities have probab a bigger slice of the can dies March, with the vol rights issues picking up and the BP offer at the June. And institution ing of liquid assets, unchanged in the first may subsequently have somewhat. Given the death of the yield curve makes cash an expensive —the big funds may pared to let their liquid remain for the time t the declining path of couple of years.

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## Labour urges curb on multinationals

BY MICHAEL LAFFERTY, CITY STAFF

THE LABOUR Party's National Executive Committee has approved a policy paper calling for extensive controls over the activities of foreign-owned multinational companies operating in the United Kingdom.

The document, prepared by a committee of Labour Party and trade union representatives under the chairmanship of Mrs. Judith Hart, the Overseas Development Minister, will be published as an official Green Paper by the party in September. It says that the Government should monitor the policies of

multinational companies through planning agreements, the establishment of a Foreign Investment Unit, the exchange of information between the Inland Revenue and other Government departments, and greater disclosure based on codes of conduct.

A summary of the policy document goes before the party conference at Brighton in October, and is likely to be approved. It will then become official Labour party policy.

In addition to Mrs. Hart, three other Government ministers, Mr. Robert Sheldon, Financial Secretary to the Treasury, Mr. Alan Williams, Minister for Industry, and Mr. Michael Meacher, an under-secretary in the Trade Department, were members of the group which produced the document.

The paper says the Government already has some powers to deal with multinationals—if it were to use them—such as public purchasing, capital incentives and so on, but "these are uncoordinated and insufficient." It should take steps "to give directions, to remove directors and to purchase companies, if necessary in the national interest, by statutory instrument, approved by Parliament."

Existing controls on both inward and outward investments are described as "confusing, chaotic and overlapping, spanning more than half a dozen departments as well as the Bank of England." The paper says that a Foreign Investment Unit must be created as a matter of urgency to co-ordinate all Government dealings with multi-